

To the Honourable
HENRY P. BELL-IRVING,
D.S.O., O.B.E., E.D.
Lieutenant-Governor of
British Columbia
MAY IT PLEASE YOUR
HONOUR:

I beg to submit the
Report of the Ministry of
Economic Development
for the fiscal year ended
March 31, 1979.

DON PHILLIPS
Minister of Economic
Development

To the Honourable DON
PHILLIPS, Minister of
Economic Development,
Victoria, British Columbia

SIR:
I have the honour to
submit herewith the
Report of the Ministry of
Economic Development
for the fiscal year ended
March 31, 1979.

A. L. PEEL
Deputy Minister of
Economic Development

Table of contents

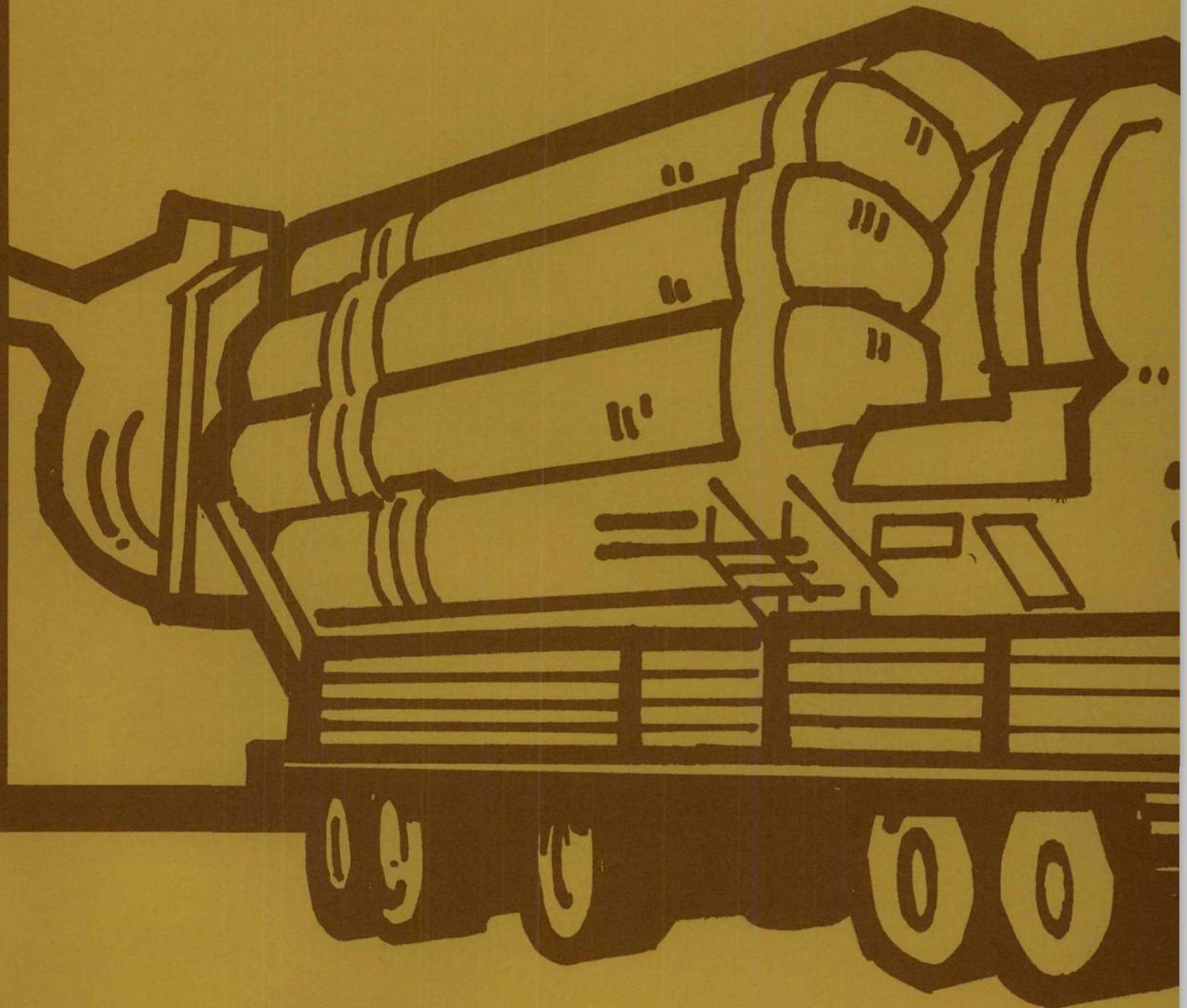
1. BUSINESS AND INDUSTRIAL DEVELOPMENT BRANCH .	2
Trade and Industry Division	4
Small Business Assistance Division	10
2. POLICY PLANNING AND RESEARCH BRANCH	14
Policy Planning Division	16
Economic Analysis Division	18
Special Projects Division	20
Trade and Tariff Analysis Division	21
Central Statistics Bureau	22
3. PROGRAM IMPLEMENTATION AND COORDINATION BRANCH	24
4. BRITISH COLUMBIA HOUSE, LONDON	28
5. GRANTS	30
6. STAFF COMPLEMENT.	31
7. ORGANIZATION CHARTS	32
8. PUBLICATIONS	35

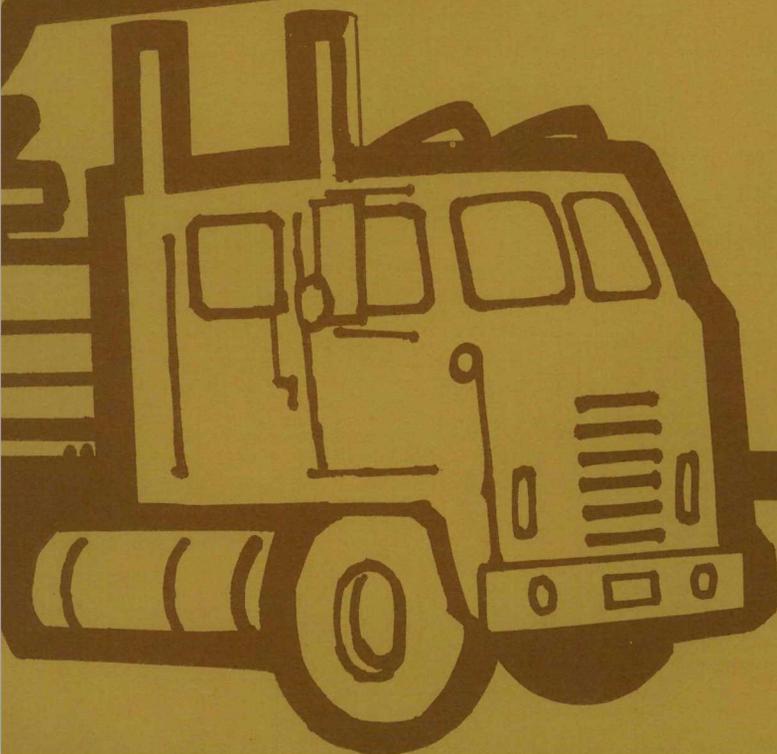
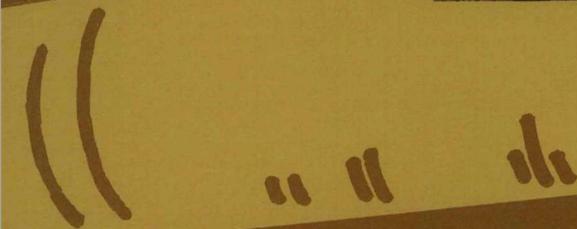
Business and industrial development branch

Objective

The objective of the BUSINESS AND INDUSTRIAL DEVELOPMENT BRANCH is to promote strength, growth, and diversity in the British Columbia business community through the development of new export markets, the addition of new investment and new industries, the expansion of existing operations and the servicing of small business.

The Branch is composed of two Divisions: Trade and Industry; and Small Business Assistance Division.





Trade and industry division

Objective

The TRADE AND INDUSTRY DIVISION has the capability to pursue three major objectives: to increase the production and export of British Columbia goods and services; to expand and diversify the existing industrial base; and to attract and encourage new investment into the Province.

In order to accomplish these objectives Division personnel work within the frameworks of

Industry Development; Trade Development and Capital Projects; and Business Development.

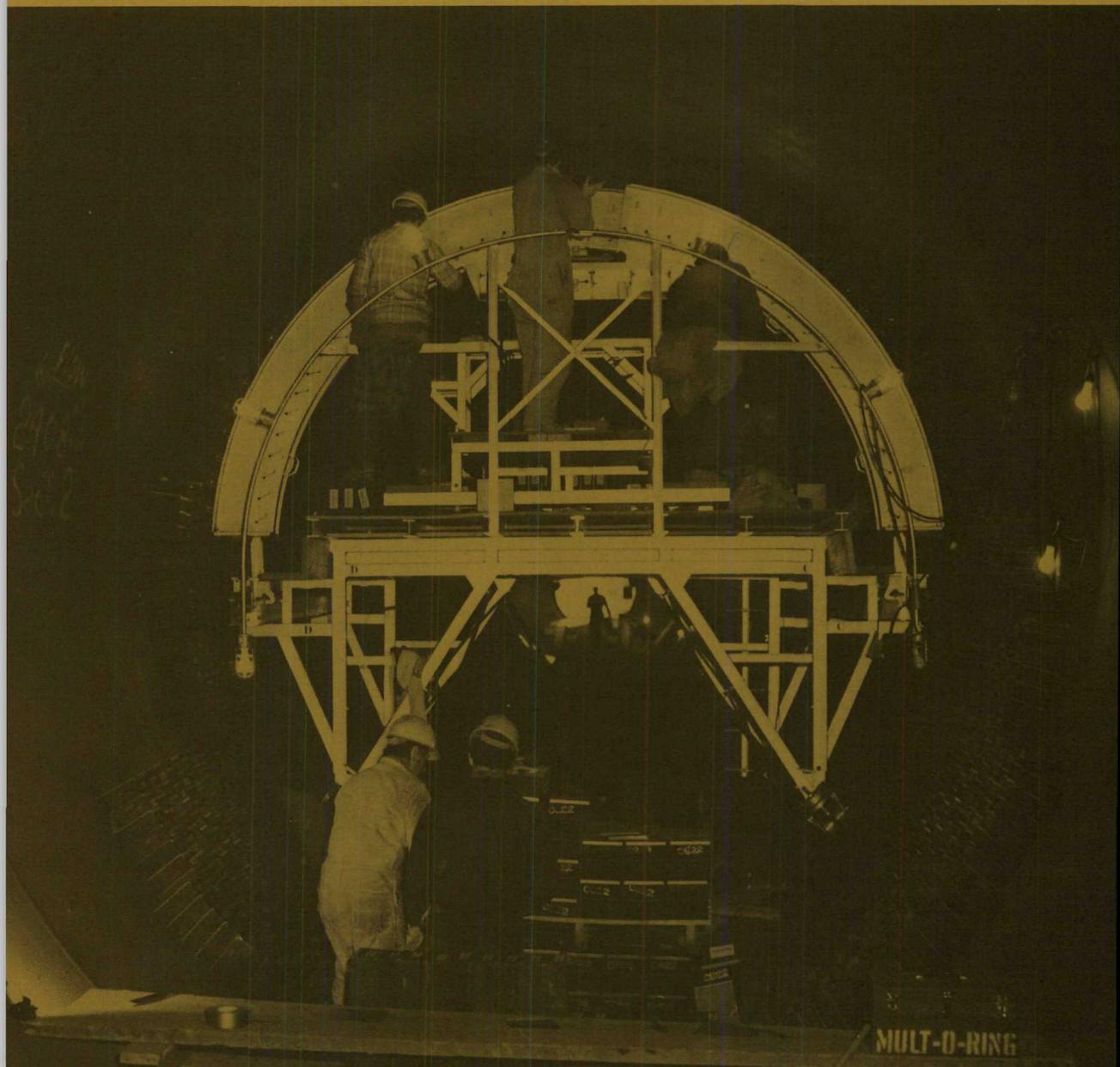
During the year, staff of the Division met with over 4,500 companies in the Province who were seeking advice or assistance on expanding their operations. As well, the Division handled in excess of 1,000 incoming telephone calls a month.

Senior staff from the Division were involved in the study of the proposed Vancouver Trade Convention Centre and also had observer status on the Board of Directors for the Federal Enterprise Development Program.

As well they were involved in federal/provincial/private sector task forces set up to study the problems and opportunities facing 22 industrial sectors in Canada.

Industry Development

The Division is responsible for working closely with the Province's manufacturers and for assisting them to develop to their maximum potential. Thus the Division is extensively involved in export marketing activities, in productivity improvement and in encouraging the development of industries that add value to our basic resources.





Market Development, Incoming Buyers and Trade Show programs are three specific ways in which the Division assists individual manufacturers and service companies explore new markets. During the year 190 companies took advantage of these programs.

Trade Missions

During the year, the Division sponsored 15 trade missions to introduce groups of British Columbia companies to new sales opportunities. Nearly 100 companies participated in these missions, which covered the following areas:

- U.A.E./Kuwait
Construction Industries
- Argentina
Pulp/Paper Project
- United States
Lumber
- Western Europe
High Technology Products
- Japan
Forestry Equipment
- Japan
Lumber
- Brazil
Livestock
- South East Asia
Construction Equipment
- San Francisco
Electronics

Hong Kong/Singapore
Fish and Food Products

Australia
Industrial Machinery

New Zealand
Boat Building

South East Asia
Telecommunications Equipment

Italy
Electronics

Alaska/Yukon
Construction

Trade Shows

The Division was also very active in sponsoring exhibits in nine major trade shows, as follows:

Toronto
Hotel/Restaurant Equipment and Products

Seattle
Food Products

Indonesia
Forestry Equipment

Vancouver
Resource Development

Seattle
Building Products

Puerto Rico
Fishing Equipment

New Orleans
Work Boat Products

Vancouver
Forestry Equipment

Seattle
Book Publishing

Special Events

As the Alaska Highway Gas Pipeline moved closer to reality, the Division hosted seminars to highlight the business opportunities available to British Columbia companies from the multi-billion dollar project. Working in conjunction with Foothills Pipe Lines and Westcoast Transmission, seminars were held in Vancouver, Prince George, Fort St. John, and Fort Nelson. Almost 1,000 companies attended.

A Provincial exhibit was designed for the annual meeting of the Inter-American Development Bank, held in Vancouver. The exhibit, demonstrating the capabilities of British Columbia companies in resource development projects, was viewed by more than 2,000 delegates from Latin America and elsewhere in the world.

Business Development

The Division is responsible for encouraging new business investment in British Columbia both by established companies and by firms located elsewhere in Canada, in the United States, and abroad. Emphasis is placed on stimulating local companies to develop joint venture or licensing arrangements, and also on identifying import replacement and public purchasing opportunities. The Division is also responsible for assessing the viability of business proposals made by foreign entrepreneurs interested in emigrating to British Columbia.

Promotional Activities

The Division staffed an exhibit at the Inter-Index industrial development show in Basel, Switzerland. Countries, from around the world participated in the show, which was visited by several thousand companies interested in new industrial locations.

Trade Development and Capital Projects

Trade Development and Capital Projects is an area of activity in which the Division identifies key capital projects around the world that offer major opportunities for the sale of British Columbia goods and services. The Division also maintains close liaison with international financing agencies to ensure that British Columbia companies obtain maximum advantage from the projects that they finance.

Activities

Trade Development and Capital Projects Officers travelled extensively around the world identifying projects that offered strong potential for British Columbia suppliers. Special emphasis was placed on South East Asia, the Middle East, and Latin America. As well, over 700 British Columbia companies participated in seminars sponsored by the Division on such subjects as:

- Market opportunities in OPEC countries
- U.S. Markets

- Canadian International Development Agency
- Export Marketing through Capital Projects

Seminars on Business Opportunities in British Columbia were held in Amsterdam, Dusseldorf, and Seattle and were attended by well over 100 interested companies. Business development missions were organized to Vienna, Austria and Houston, Texas to introduce British Columbia manufacturers to potential joint venture partners in such product areas as castings, coal mining equipment, and metal fabrication.

Industrial Benefits

The Division has been active in trying to ensure maximum benefit to British Columbia from the New Fighter Aircraft contract soon to be signed by the Federal Government. The company that wins this \$2 billion-plus contract must agree

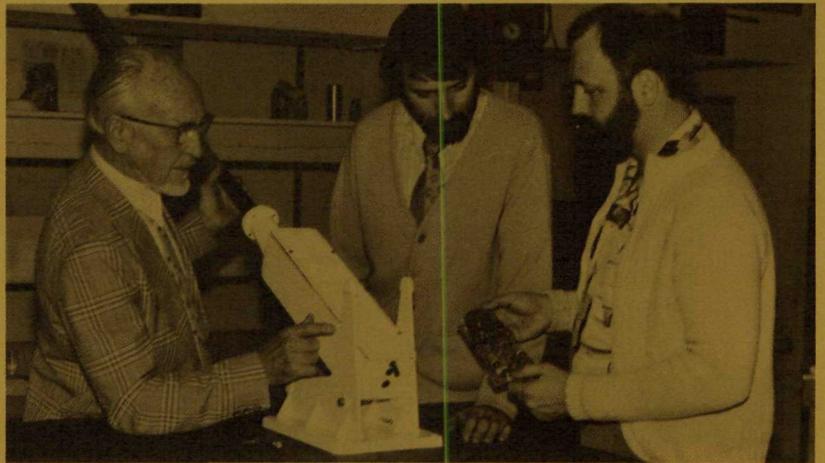
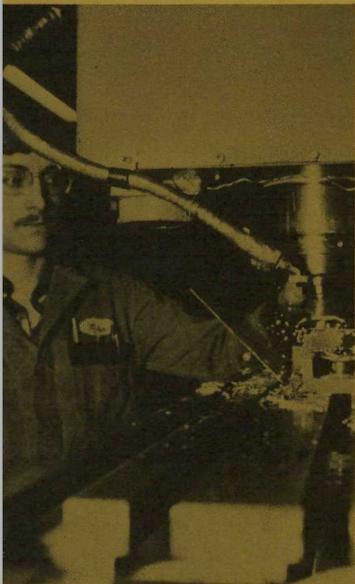
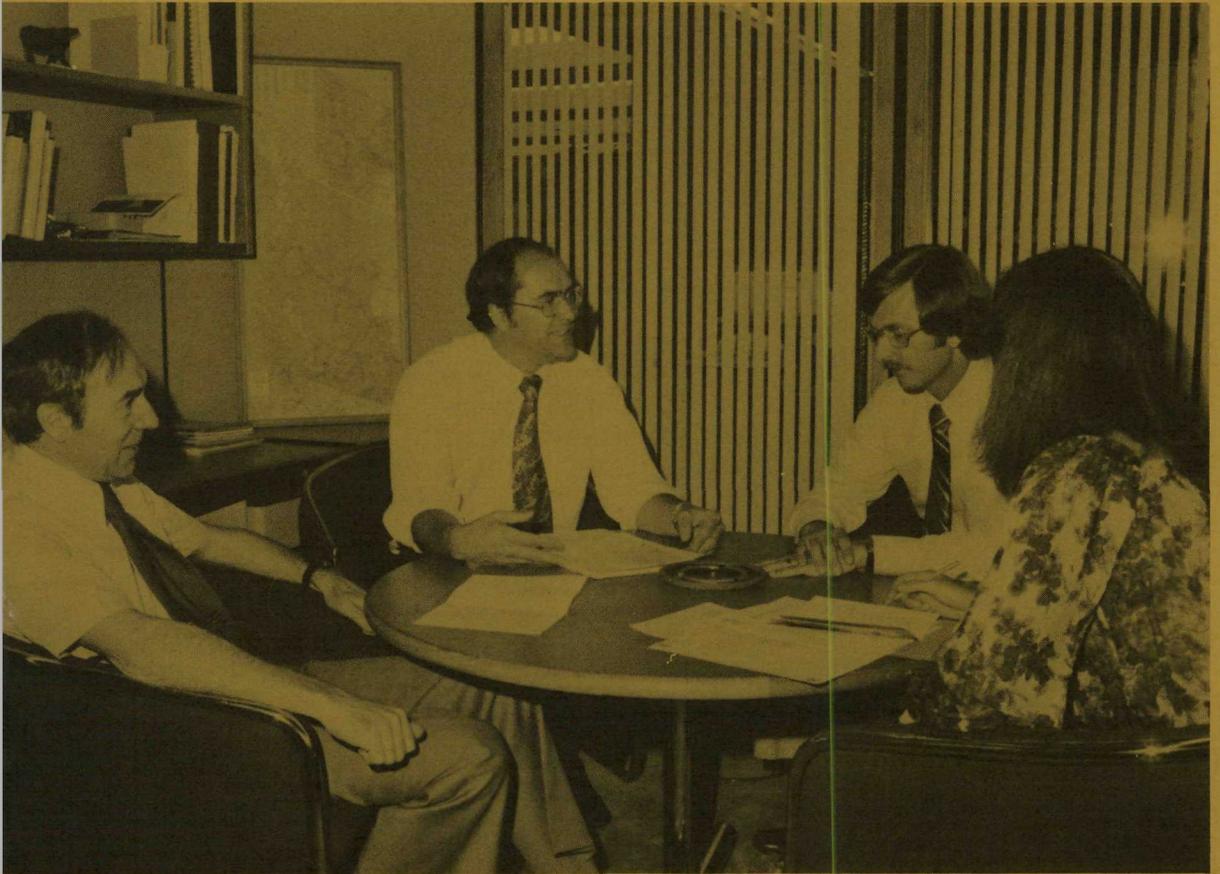
to create substantial new business activities in Canada. This could result in several hundred million dollars of new investment in British Columbia. During the year all six of the prime contenders for the contract visited the Province and were introduced to scores of local companies with suitable supply capabilities.

Economic Development Commissions

As one element in the Industrial Development Subsidiary Agreement, co-signed with the Federal Government in July 1977, the Division has taken responsibility for assisting Regional Districts throughout the Province to establish Regional Economic Development Commissions. The prime role of the Commissions is to coordinate and promote economic activity in their respective areas. The first project for each commission is to identify the benefits that the region has to offer, the additional support needed to attract new industry and the type of industry that would be most suitable.

Thirteen commissions are now in place and a further five or six are anticipated.









Export Assistance Results

The Ministry's support to British Columbia exporters resulted in an increase in exports of manufactured goods of \$45-50 million, equivalent to the creation of almost 1,500 new jobs in the Province's manufacturing sector. Some of the key contracts signed were:

- Canron (Western Bridge Division) signed a \$4.8 million contract for a railway bridge in Costa Rica.
- Crippen Engineering was awarded a \$2.2 million design contract for an irrigation project in Central Java.
- Springate & Associates has a \$400,000 contract to design a fibreboard plant in the Philippines.
- Zenith Steel negotiated a \$1.6 million contract in Iraq to fabricate and erect a steel and glass observation platform and restaurant.
- Citation Cabinets signed a \$3 million distribution contract covering Japan.
- MacDonald Dettwiler and Associates Ltd. (MDA) signed a \$4.5 million sales contract in Australia.
- Finning Tractor sold \$250,000 worth of rebuilt earth moving equipment to Venezuela as a result of participating in a Ministry Trade Mission.
- Fryer Cruikshank Kilns is supplying and erecting 2 lumber drying kilns valued at \$300,000 to South America.
- Homexpo Canada delivered prefabricated housing with a factory value of \$9 million to Saudi Arabia and is negotiating for additional contracts with an estimated value of \$50 million.
- Cove Dixon obtained a contract to design a tuna seiner for New Zealand. The vessel is valued at \$3 million and is being constructed using equipment and other fittings provided by several British Columbia manufacturers.

Business Development Results

As a result of the efforts of the Division, over \$50 million of new investment was brought into the Province creating nearly 1,500 new jobs. The major development was a \$25 million facility, announced by Fiberglas of Canada, to produce insulation products in Mission, B.C. An additional \$50 million of entrepreneurial capital flowed into British Columbia in 1978 from cases reviewed by the Division.

As well, the Division directly influenced \$21 million of contracts gained by British Columbia manufacturers from the provincial government and its agencies.

Small business assistance division

Objective

The SMALL BUSINESS ASSISTANCE DIVISION works to support, strengthen and stimulate smaller enterprise activity in all industry sectors in recognition of the importance and contribution made by this sector to the British Columbia economy.

Through the Division's four major assistance areas: Business Enterprise Services; Financial Assistance Services; Management Development Services; and Program Research and Development Services, programs are aimed towards promoting and assisting the orderly start-up and development of viable new businesses, and improving the productivity of existing ones.



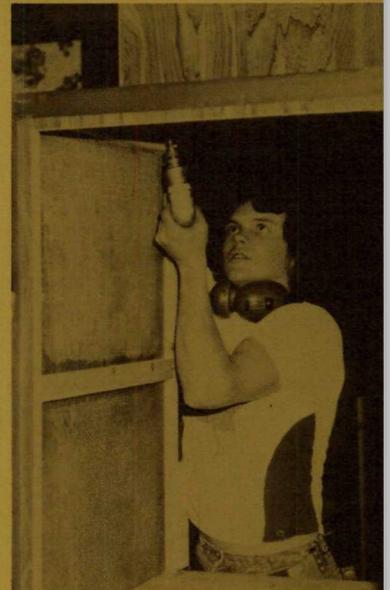
BUSINESS ENTERPRISE SERVICES

Advisory Services

Small Business Advisers candidly counsel owner/operators in the planning and start-up of new business and in the expansion and productivity improvement of existing businesses. They diagnose and analyze business problems and assist in solving problems with practical help in the areas of marketing, financing, production and management. When appropriate, the advisers make referral arrangements to other public or private agencies. Over 8,000 responses for business assistance were handled in 1978.

Community Calls

Visits are made to communities throughout the Province on a regular basis working with chartered banks, the Federal Business Development Bank, government agencies, Chambers of Commerce and individual businesses. These visits, which are known as "transfers of office," provide a counselling and business information follow-up service in all regions of the Province.



In 1978 visits were made to 120 communities. This represents 250 business calls outside of the Lower Mainland and Southern Vancouver Island.



From these applications, 260 small manufacturing or processing companies have had over \$4.7 million in loans approved to assist them in purchasing manufacturing equipment, in erecting or buying buildings, or in carrying out leasehold improvements. More than 1,100 new jobs in the manufacturing or processing sector are projected as a result of this funding.

Technical Assistance

Thirty B.C. companies were assisted by the Ministry's Technical Assistance Program to hire outside consultants, to carry out research and studies for business improvement.

The Ministry also used a portion of the technical assistance funds to conduct studies or support the activities of six particular industry sectors. As examples, the Division assisted the SKICADE PROJECT, a promotional venture sponsored by the B.C. ski industry. Technical assistance was also provided to the crafts industry in the Province.

Business Information Services

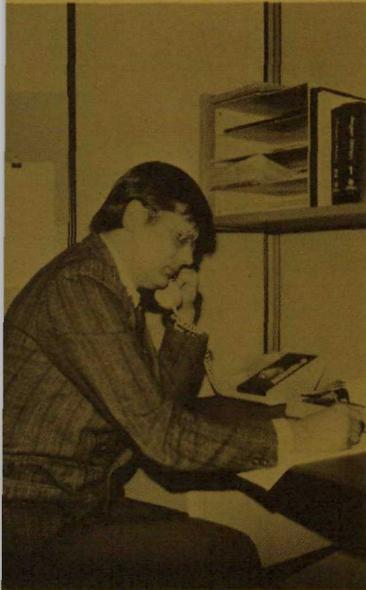
Business Information Centres, publications, Small Enterprise Management Aids, bulletins and newsletters are used in an "outreach" program to provide practical and easily available business management information to those interested in small business.

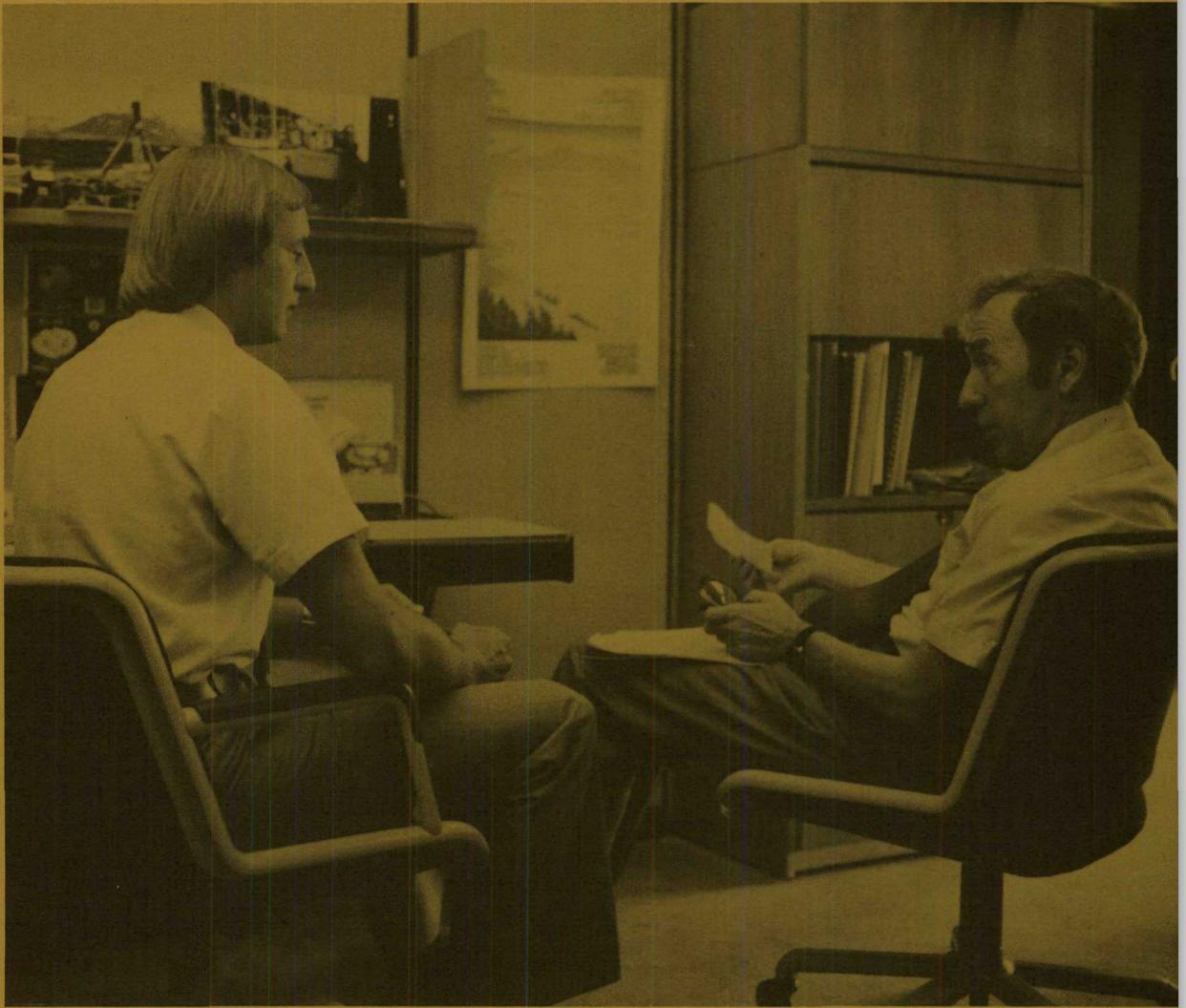
Business Information Centres were established in business communities throughout British Columbia in 1978. After the development work, 55 Centres were phased into place. A further 22 Centres will be established over the next year. The Centres ensure quick and easy access to business information and to the Ministry's Business Advisers. The local Chambers of Commerce in British Columbia have been offered the first opportunity to house the Centres.

FINANCIAL ASSISTANCE SERVICES

Assistance to Small Enterprise Program (ASEP)

Since the program's inception in November 1977, more than 600 applications for financial assistance were evaluated by the Small Business Assistance Division.





MANAGEMENT DEVELOPMENT SERVICES

A greatly expanded Small Enterprise Management Development Program was launched this year in conjunction and cooperation with the Ministry of Education, the public education system and industry associations. The Division supports and promotes business management skill development for smaller entrepreneurs and owner/operators. Emphasis is directed to the practical rather than the theoretical aspects of business operation.

Management Aids Program

A series of business and management training packages are being created and developed to ensure a basic pool of practical business management information. Preparation for the development and production of the series included a "Readability Analysis" of representative publications used by small business for information and training. The materials were assessed for reading level by a computer analysis of a cross-section sample of small business owner/operators in British Columbia. The study early established that small business information and management training material needs to be communicated around a grade 10 to 12 level to be used effectively by a large segment of the small business sector.

Assistance to Industry Association

This initiative is being implemented and promoted to provide financial assistance and advisory services to business, trade, and industry associations. The program is designed to encourage management development opportunities for the owner/operator members in their own industries. The program is expected to provide support to 50 industry associations during the current fiscal year.

Planning was carried out for a regional "needs review" workshops in business management. The one-day strategy planning sessions are held outside the Lower Mainland, with representation from approximately 35 business communities. They are



designed to focus on each region's specific needs and on the problems they encounter with access to and delivery of small business management services. The workshops, for people from the small business sector, education and government, are to be co-hosted by each region's community college, Chambers of Commerce, and the Ministry.

Training Assistance and Services

A Province-wide education and training support program is directed at small firm entrepreneurship and continuing adult education. The program assists schools, post-secondary institutions and community education programs by providing small business courses, advertising assistance, speaker services, counselling services, workshops, and literature. For example, the Small Enterprise Course/Advertising Subsidization Program provides regional colleges and school board districts with financial assistance to encourage courses/workshops/seminars for small firm operation. The program assisted 92 such projects which presented over 1,500 individuals with new learning opportunities.

Program Research and Development Services

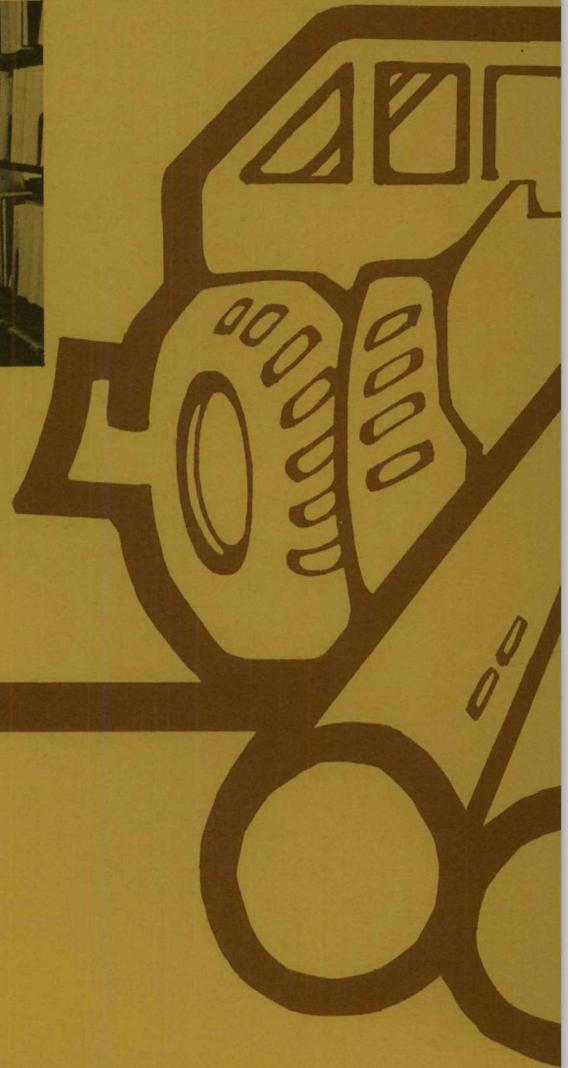
A greatly expanded role of the Division is that of planning and developing programs that are of practical help to the small

business sector. The past year's activities have largely centred around planning, designing and implementing a model for the coordination and delivery of business management services in all areas of British Columbia.

Additionally, the Division acts as liaison in the coordination and delivery of projects/activities for other public and private agencies which have programs affecting small firms. Many proposals, briefs, and requests are reviewed and evaluated for potential program areas.

Of major interest to the Division is the analysis of requirements of specific industry sectors and "special needs" groups. For instance, the Division has assisted the crafts industry, hospitality industry, ski industry, Native Indian economic development projects, and handicapped persons' workshops.

In December 1978, the Small Business Assistance Division was transferred to the new Ministry of Tourism and Small Business Development.

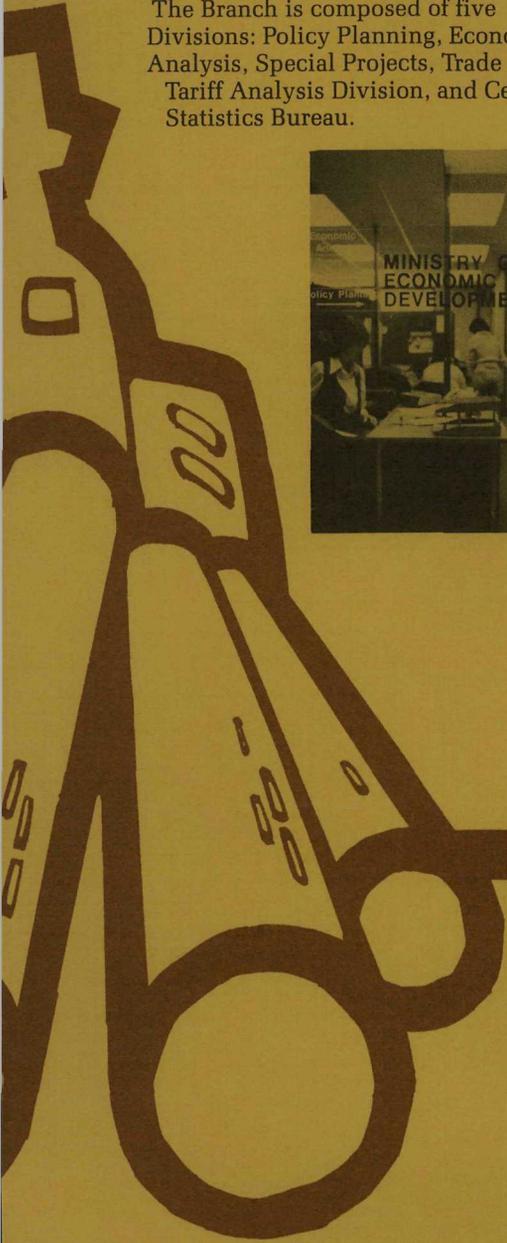
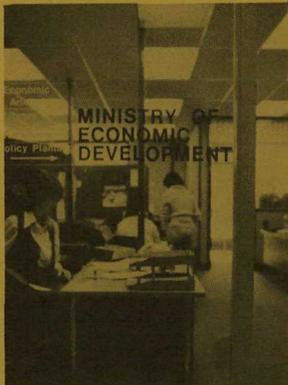
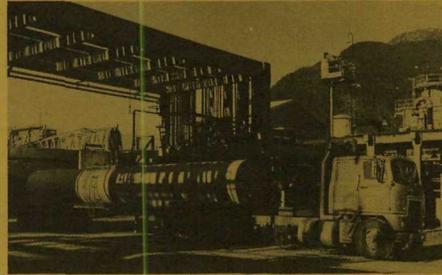
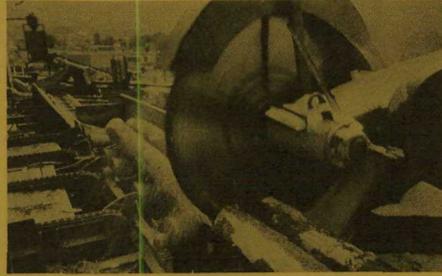


Policy planning and research branch

Objective

The objective of the POLICY PLANNING AND RESEARCH BRANCH is to coordinate overall policy development, undertake economic and trade analysis and collect and tabulate statistical data. In this role the Branch formulates economic development strategies for the government, and helps coordinate the activities of other ministries and agencies in matters affecting the economic development of the province.

The Branch is composed of five Divisions: Policy Planning, Economic Analysis, Special Projects, Trade and Tariff Analysis Division, and Central Statistics Bureau.



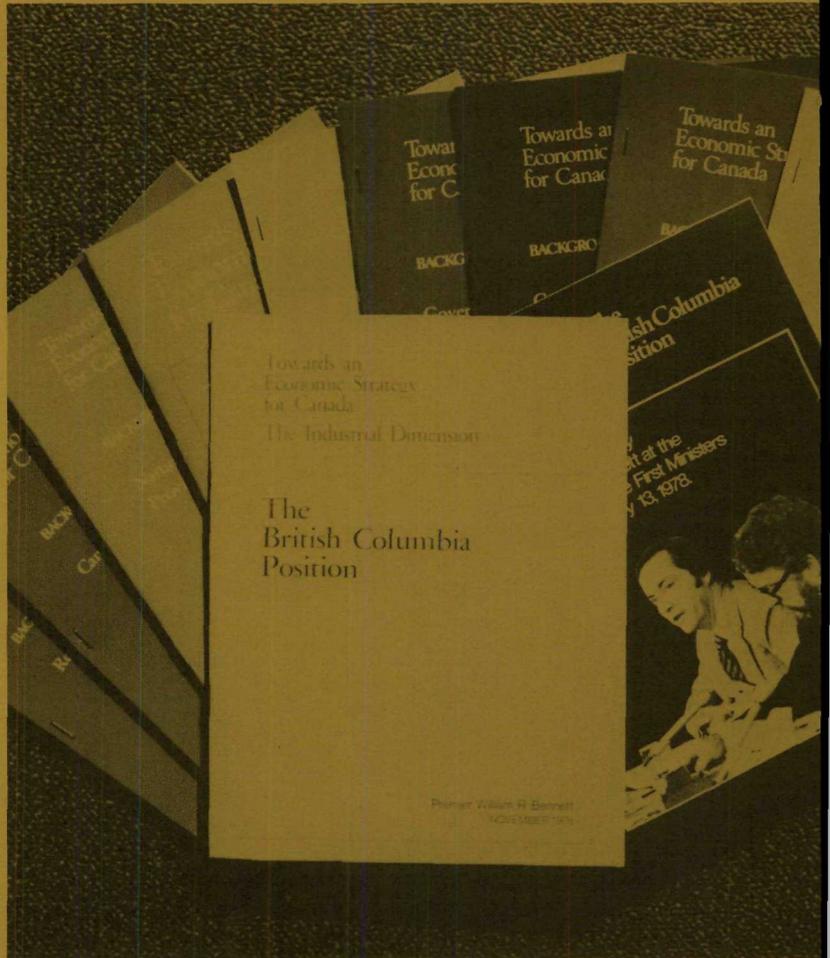
Policy planning division

Objective

The objective of the POLICY PLANNING DIVISION is to develop a provincial economic strategy or policy framework, and to contribute to the development of a national economic strategy that would benefit British Columbia. Within these overall objectives, the Division formulated and evaluated federal and provincial policy initiatives, including sectoral policy proposals and individual investment projects, to encourage the economic development of British Columbia.

The Function of the Division

The Division's function is to plan, develop, and evaluate economic policies. As such, the Division's role is primarily advisory. Considerable emphasis is placed upon analysis of the efficiency and effect of provincial policies, and the impact on the British Columbia economy of federal policies. In addition, the effect of changing domestic and international economic conditions is closely monitored.



Main Policy Areas

Federal/Provincial Economic Policy—

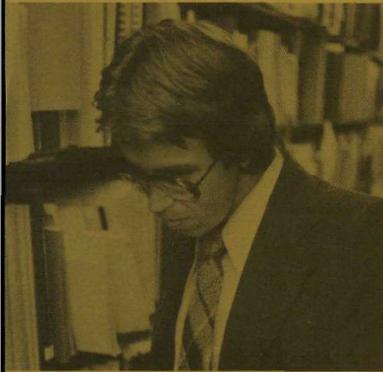
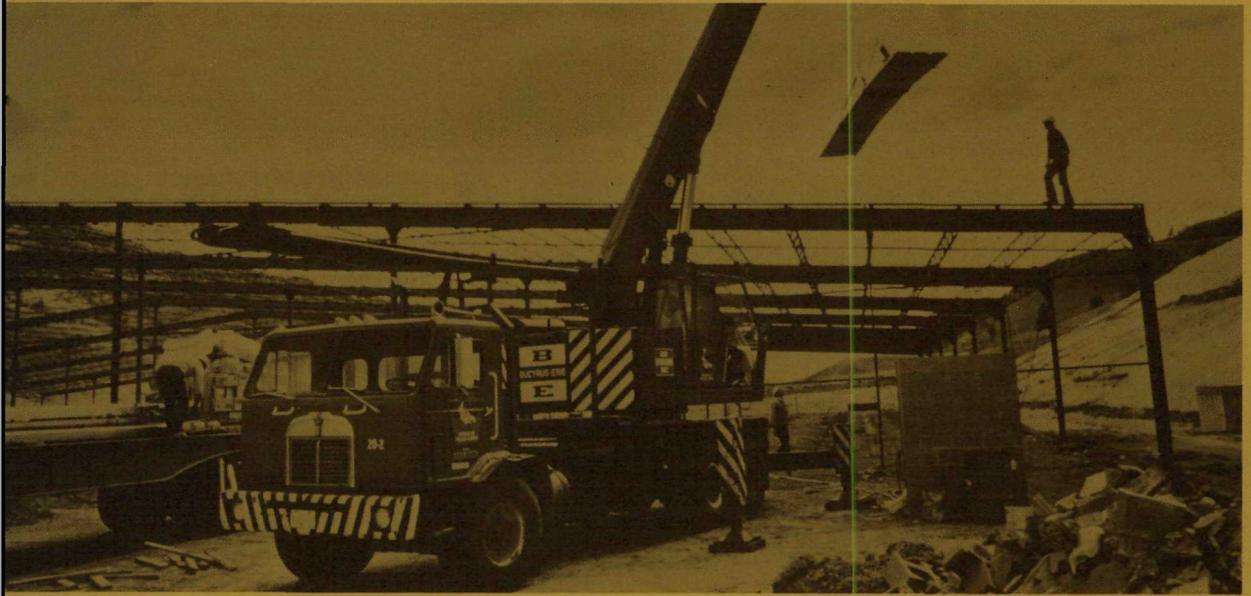
The Division coordinated the preparation of the documents "Towards an Economic Strategy for Canada" tabled by the Premier at the First Ministers' Conference in February 1978. To ensure that the British Columbia viewpoint was included in the subsequent framing of federal policies, the Division was actively involved in the various areas of follow-up to the Conference. This included participation in many of the Federal/Provincial committees established to examine designated issues including the recommendations of the Tier I and Tier II Consultative Task Forces.

The Division elaborated upon its contribution to the February conference by preparing "Towards an Economic Strategy for Canada: The Industrial Dimension" tabled, at the more recent First Ministers Conference in November 1978. In conjunction with other Divisions

and Ministries, the Division developed for the November conference provincial positions on federal commercial policy, energy policy, and transportation policy. Also, a program to facilitate industrial adjustment to trade liberalization was designed.

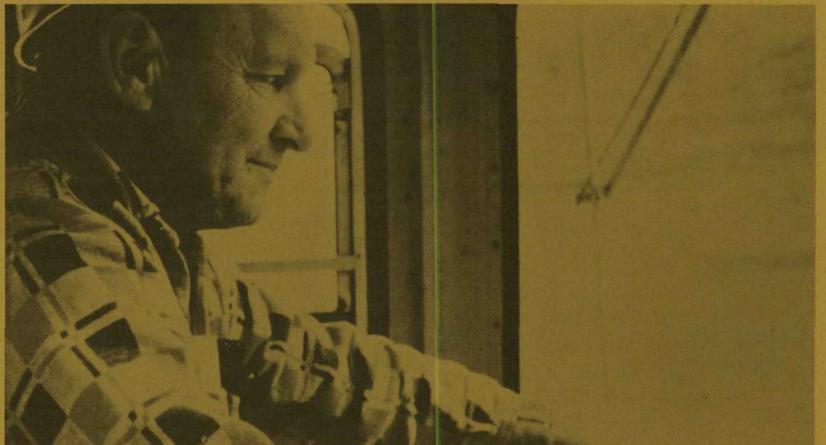
Provincial Economic Strategy—

The Division has devoted much of its attention to the formulation of a provincial economic strategy. This involved in-depth analysis of the structure and behaviour of the British Columbia economy plus detailed examination of several key provincial policies including science policy, immigration policy, and aspects of deregulation. The strategy is essentially concerned with defining economic goals for the province and identifying those market failures which, if corrected, would lead to increased investment opportunities in the province.



In addition to its work directly on economic strategy and policy, the Policy Planning Division provided economic input into the development of the Province's proposals for constitutional change. Federal policies are of considerable importance to the attainment of British Columbia's economic objectives and through constitutional revision it is hoped that the process of national policy formation can be made more sensitive to the concerns and aspirations of the Province.

In December 1978 the Policy Planning Division was transferred to the Ministry of Finance as part of the general government reorganization.



Economic analysis division

Objective

The objective of the ECONOMIC ANALYSIS DIVISION is to perform economic policy analysis and research as required, and to undertake long-term economic assessment, planning, and forecasting activities. This work accords the Division an important role in the development of the economic strategy for British Columbia. The goals of this strategy are to promote the growth of employment and real incomes; the improvement of economic efficiency; the greater stabilization of prices; and the achievement of balanced regional development.



With its capacity to produce economic analysis and forecasts for individual sectors and regions, the Division supplies the profiles and policies which are woven into the framework of the strategy.

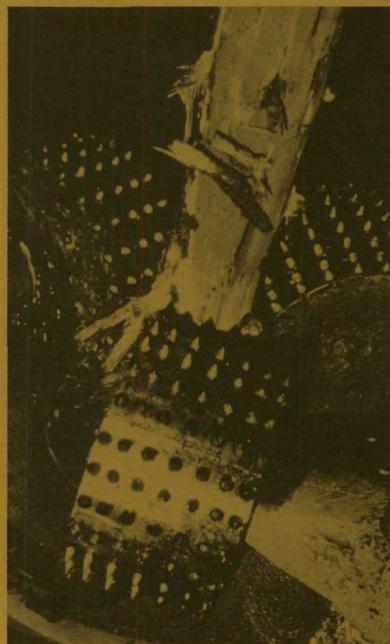
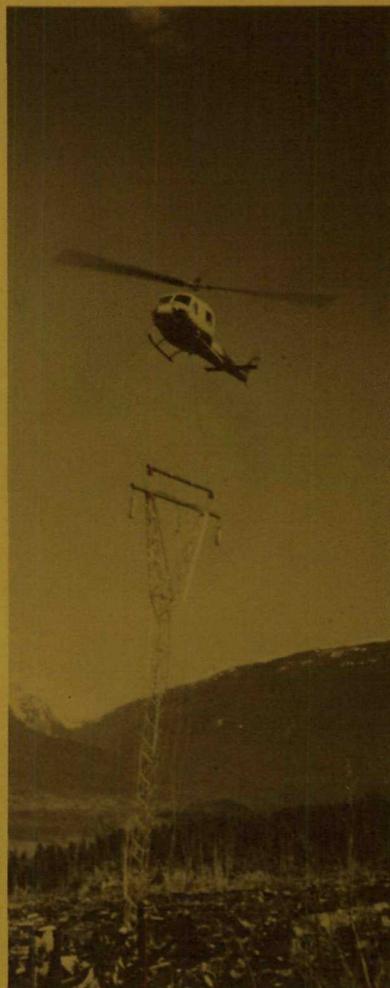
Activities

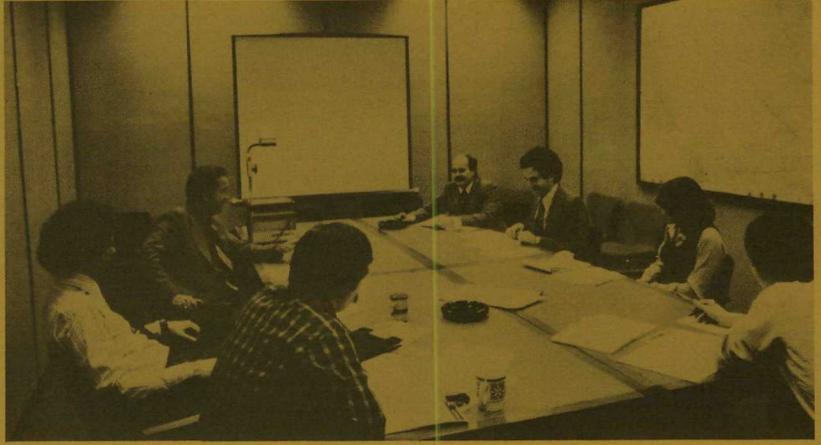
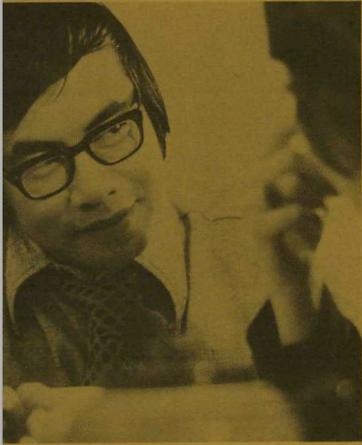
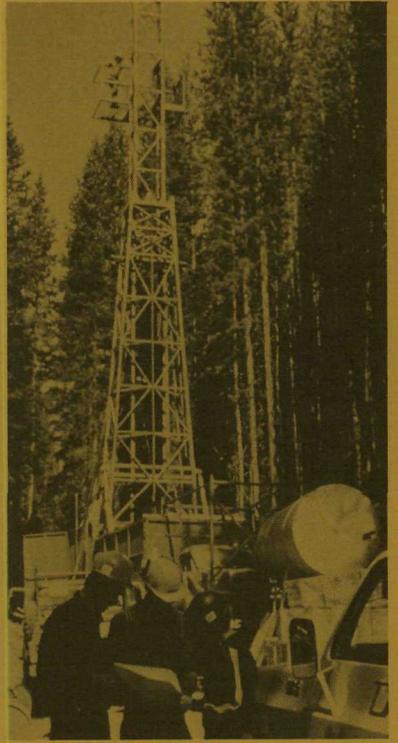
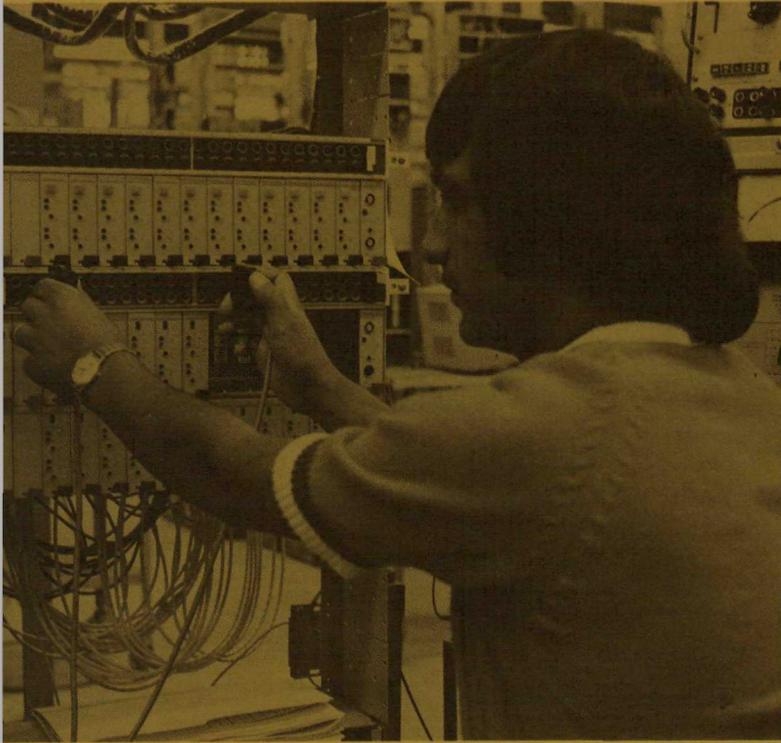
The development of the industrial strategies which harmonize with the overall economic strategy for British Columbia is a primary function of the Division. In addition to the large proportion of the on-going research, analysis and forecasting which is relevant, many projects have been undertaken specifically as industrial strategy initiatives. Included among these projects are a set of sector profiles and strategy papers for energy, selected metals and minerals, transportation, coal, research and development, forest industry, commercial fisheries, estuarine development and resource roads. Market studies have been undertaken for a number of specific commodities which are important to the provincial economy. An example is the "Pacific Rim Metallurgical Coal Market Survey", which was prepared recently in cooperation with the Department of Industry, Trade and Commerce in Ottawa. Ongoing liaison with industry and the federal government is an important component of this activity.

Regional research and analysis is another basic activity. Because the economy of British Columbia comprises diverse regional economic structures and patterns of development, special consideration is warranted. The Division has responded to numerous requests for economic reviews and advice regarding specific regional development proposals.

Briefing notes and background papers are prepared, as required, for the use by the Minister and by Cabinet members on economic missions to Europe, the Far East, and elsewhere, and at Conferences of First Ministers, Western Premiers, Industry Ministers, etc.

The Division has participated in several socio-economic and manpower evaluations, including several studies which were carried out for the inter-ministerial Equal Employment Opportunities Committee.





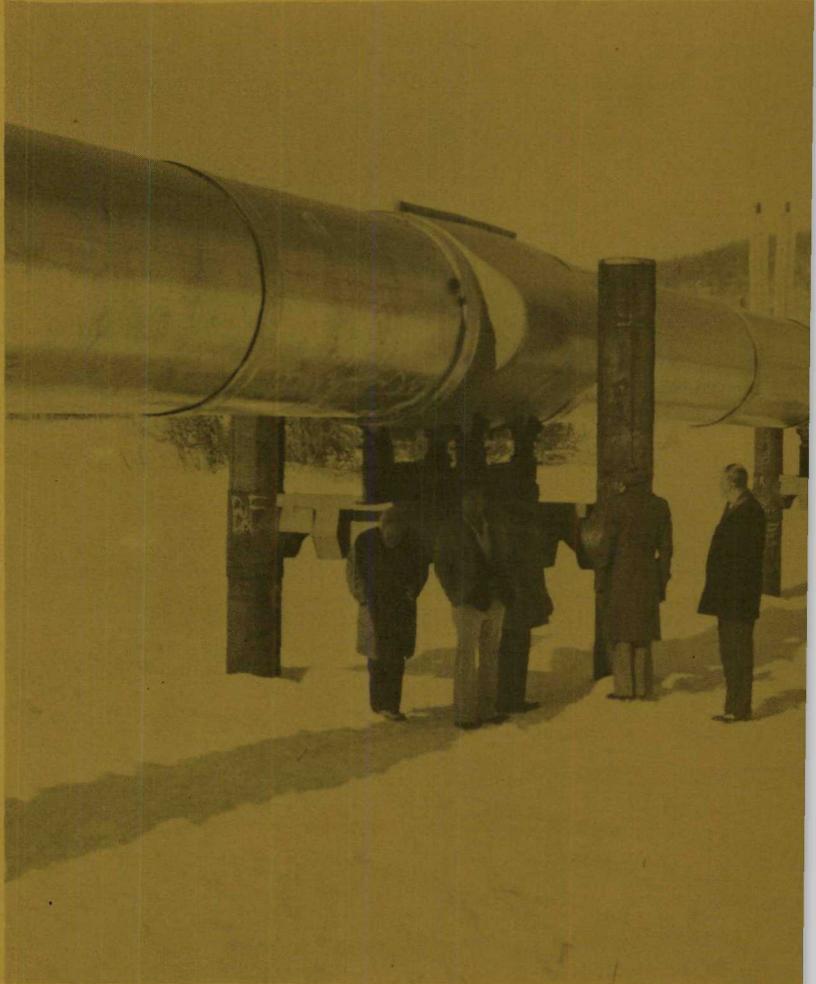
Special projects division

Objective

The objective of the SPECIAL PROJECTS DIVISION is to plan, coordinate, and direct Ministerial operations associated with special development projects in the mineral, forest, and other natural resource fields; in resource processing; in manufacturing; and in related areas.

Special Projects also provides close liaison with other branches of the Ministry, other government Ministries, consultants and business organizations in order to develop concepts and coordinate activities to produce specific economic development objectives for British Columbia.

In addition, the Division is responsible for the preparation of the Ministry's economic publications including the Monthly Bulletin of Business Activity; British Columbia Economic Activity, Review and Outlook; as well as other sectoral, regional and foreign trade publications.

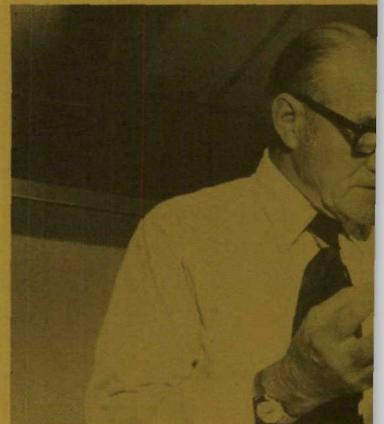


Activities

The Division has completed a joint study with the Ministry of Labour of construction plans of Provincial Ministries and Crown Corporations for fiscal years 1979 through 1981, which was a part of a planning program to explore stabilization of construction activity by counter-cyclical action.

Currently, it is finalizing a report on the feasibility of establishing a metallurgical complex at a British Columbia location to process zinc, lead and copper concentrates and ferro-alloys.

A study of capital markets in British Columbia is being conducted in cooperation with the Ministry of Consumer and Corporate Affairs and the Program Implementation and Coordination Branch of the Ministry of Economic Development.



Trade and tariff analysis division

Objective

The main responsibility of the TRADE AND TARIFF ANALYSIS DIVISION is to identify policies for international trade which will encourage industrial development and higher real incomes for British Columbians.

Activities

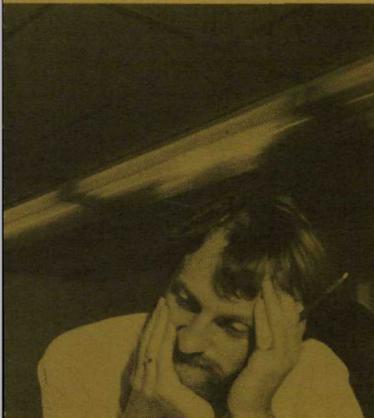
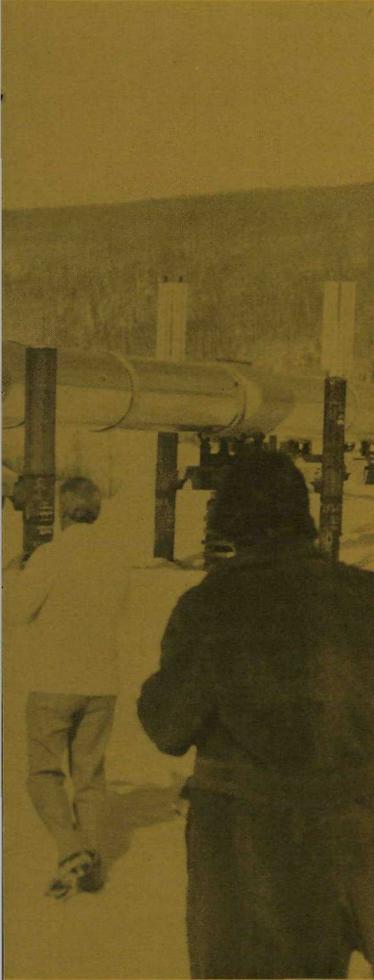
The Division has made numerous representations of British Columbia's trade policies and positions to Ottawa during the long Multilateral Trade Negotiations (MTN) for reduced trade barriers, which have taken place under the General Agreement on Tariffs and Trade (GATT). The Division prepared two papers which were tabled at the November 1978 Conference of First Ministers. These were "Canada's Commercial Policies in a Changing World", and "A Positive Approach to Canada's Traditional Industries". On a number of occasions the Division's work has required close cooperation with the other western provinces in formulating common positions.

With the recent signing of the trade accords in Geneva the Division has begun an in-depth impact assessment of the agreements on the British Columbia economy. This assessment will be coordinated with similar efforts in the other western provinces, as was agreed by the Western Premiers at their conference in 1978, and reaffirmed in 1979.

Given the momentum of trade activity which has been generated by the political and economic developments in the Pacific Rim, the Division has undertaken both to analyze the significance of these developments for the British Columbia economy and to appraise the opportunities that they represent.

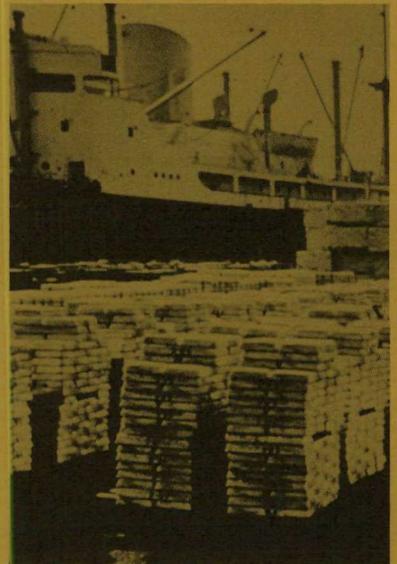
During the past year, the Trade and Tariff Analysis Division continued its representations to the federal government in seeking a reprieve from the wide flange steel anti-dumping decision.

The Division has been active in aiding a local truck manufacturer to receive benefits of the Auto Pact, and in cooperating in a program to encourage automotive investment in British Columbia. In addition, it has been able to provide a wide variety of support to individual firms seeking either duty remission or tariff line reclassification.



In conjunction with Energy, Mines and Petroleum Resources, Ottawa, the Division is assessing the feasibility of processing deep-sea nodules at a British Columbia location.

Division staff are represented on the IDSA (Industrial Development Subsidiary Agreement) Research Technical Sub-Committee.



Central statistics bureau

Objective

The objective of the CENTRAL STATISTICS BUREAU is to satisfy the requirements of government, business and the public for statistical information and forecasts on the economic and social characteristics of the Province and its regions. This is achieved through the utilization of existing data sources and the development of new statistical programs, including the use of administrative data for statistical purposes. In addition, the Bureau provides technical statistical advice and services to government ministries.

The mandate of the Central Statistics Bureau derives from the British Columbia Statistics Act which was proclaimed in late 1977. The Act provides for access to data not previously available to government, including data collected and maintained by Statistics Canada. These provisions are predicated upon a strict set of confidentiality safeguards, which were written into the Act.

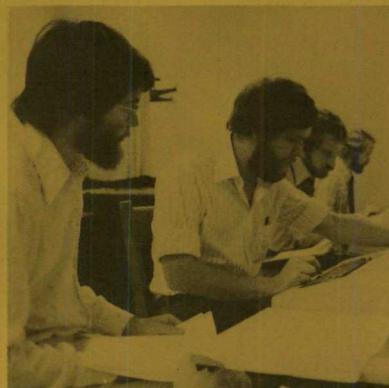


Activities

Many of the activities of the Central Statistics Bureau during the year were aimed at maximizing the amount of data available to the government while at the same time restricting the numbers of surveys and forms needed to collect the data. This was accomplished in two major ways. First, administrative records were used wherever possible as an alternate to surveys, thereby reducing respondent burden especially in the private sector. Second, close ties with Statistics Canada were established in order to gain access to large amounts of previously unavailable data held by the federal agency.

The close cooperation with Statistics Canada was highlighted by the signing of three agreements under Section 11 of the British Columbia Statistics Act and Section 10 of the Canada Statistics Act. These agreements cover the Annual Censuses of Manufacturing and Forestry, the Annual Surveys of Capital and Repair Expenditures, and the Monthly Employment and Payrolls Survey. Under the terms of the agreements, the Central Statistics Bureau has direct access to the individual responses to these important surveys.

Another significant cooperative venture with Statistics Canada was initiated in January of 1979 when a senior official of the Central Statistics Bureau was assigned to Ottawa for a period of one year to direct a joint British Columbia/Statistics Canada team which will be responsible for developing a continuing program of reliable information relating to international and interprovincial trade in goods and services.



In addition to cooperative projects and data-sharing agreements, extensive consultations were held with Statistics Canada on a wide range of statistical topics including: statistical standards and classifications, census data, household statistics, use of administrative records for statistical purposes, and statistics relating to manufacturing and primary industries, merchandising, construction, prices, labour, transportation and communications, and provincial accounts. One major result of these consultations was that more subprovincial data for British Columbia was made available by Statistics Canada.

Significant additions to valuable data were also obtained from other federal sources. Agreements between the Central Statistics Bureau and Health and Welfare Canada, and the Canadian Employment and Immigration Commission respectively, provided access to selected federal administrative records for the first time.

The high level of cooperation between the Central Statistics Bureau and the federal government eliminated the need for the expensive duplication of data collection by the Province and resulted in more data being made available for program and policy decisions.

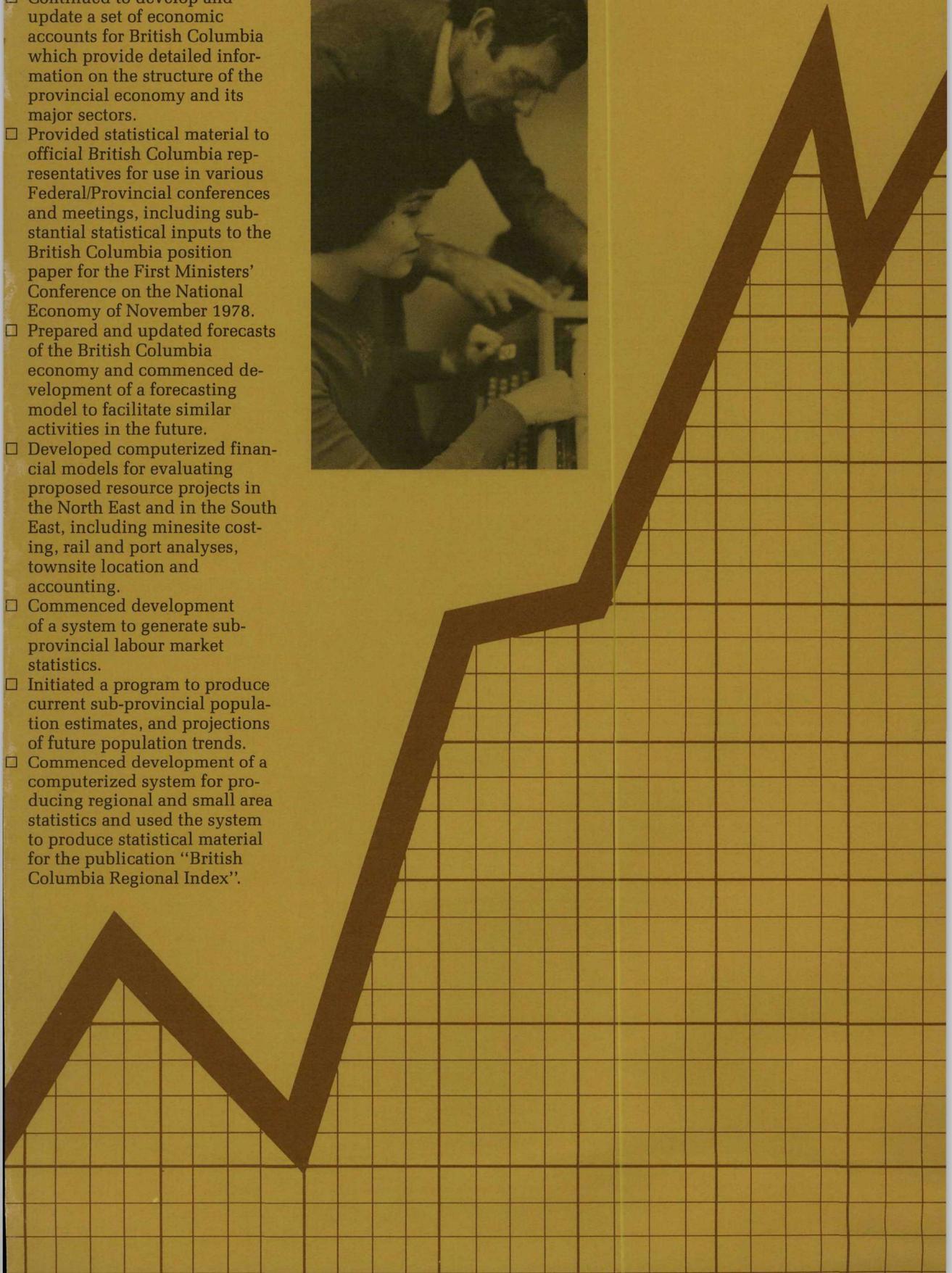
The demand for the new data was reflected by a very substantial increase in the volume of enquiries received by the Bureau from the public, small businesses, planning agencies and other provincial ministries and crown corporations over the year, necessitating the efficient use of computer facilities for retrieving and processing data in order to meet the increased workload.

The Bureau was charged with ensuring that the Premier's Office and Ministry offices were always kept informed of the most current key economic and social indices for the Province.

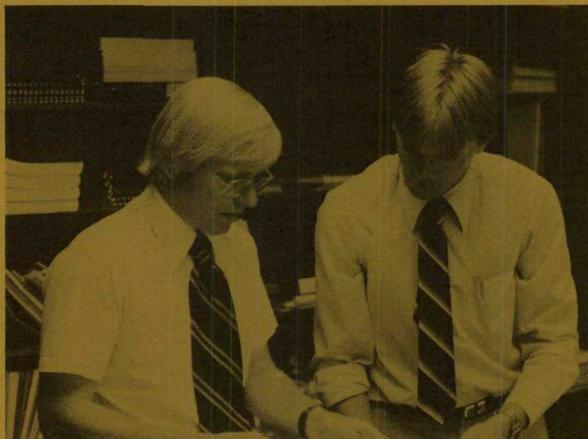


Special Projects

- Continued to develop and update a set of economic accounts for British Columbia which provide detailed information on the structure of the provincial economy and its major sectors.
- Provided statistical material to official British Columbia representatives for use in various Federal/Provincial conferences and meetings, including substantial statistical inputs to the British Columbia position paper for the First Ministers' Conference on the National Economy of November 1978.
- Prepared and updated forecasts of the British Columbia economy and commenced development of a forecasting model to facilitate similar activities in the future.
- Developed computerized financial models for evaluating proposed resource projects in the North East and in the South East, including minesite costing, rail and port analyses, townsite location and accounting.
- Commenced development of a system to generate sub-provincial labour market statistics.
- Initiated a program to produce current sub-provincial population estimates, and projections of future population trends.
- Commenced development of a computerized system for producing regional and small area statistics and used the system to produce statistical material for the publication "British Columbia Regional Index".



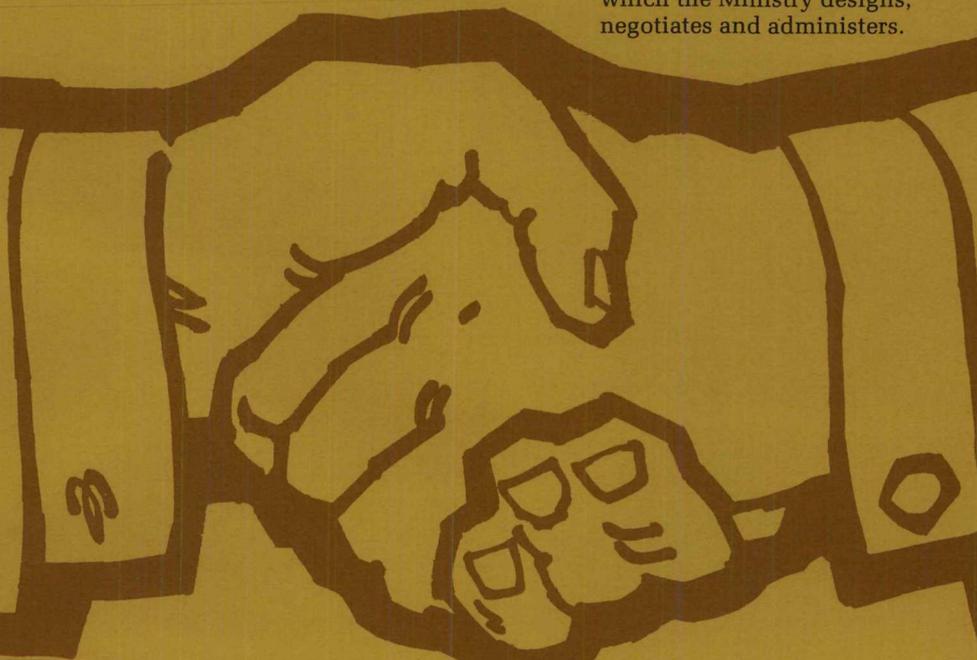
Program implementation and coordination branch



Objective

The objective of the PROGRAM IMPLEMENTATION AND COORDINATION BRANCH is to negotiate, implement, and coordinate inter-governmental and joint government-industry programs, and to provide financial management for these. The Branch also performs analyses of a financial, accounting, and taxation nature in response to requests from government Ministries and agencies. Finally, the Branch has been designated responsible for evaluating applications to the Foreign Investment Review Agency which are pertinent to the Province and for performing research on overall foreign investment levels and requirements.

The Branch was formed following the government reorganization of December 1978. It evolved from the former Financial Analysis and Program Implementation Division, and reflects the increasing number of important economic development programs which the Ministry designs, negotiates and administers.





Economic Development Minister Don Phillips (front centre) shown with eleven of British Columbia's Regional Economic Development Commissioners.

Program Design and Project Appraisal

The Branch provides the core research and analytical work for economic development initiatives. This role requires the provision of technical backup for input in economic, financial, and resource management submissions to the Minister and Cabinet. As part of this function, responsibilities include recommendation with respect to level and timing of possible government financial participation in economic development projects.



Program Development

Since the 1974 signing of the General Development Agreement (GDA) between the Ministry and the federal Department of Regional Economic Expansion, the Ministry has achieved the signing of the following eight major development sub-agreements with DREE. Each of these agreements is equally cost-shared by the two levels of government.

- \$10 million
Interim Highways Subsidiary Agreement (1974-1975)

- \$6 million
Fort Nelson Water and Sewer Subsidiary Agreement (1975-1978)

- \$30 million
Western Northlands Highways Subsidiary Agreement (1976-1978)

- \$3 million
North East Coal Subsidiary Agreement, Phase I (1976-1977)

- \$10 million
North East Coal Subsidiary Agreement, Phase II (1977-1978)

- \$60 million
Agricultural and Rural Development Subsidiary Agreement (1977-1982)

- \$70 million
Industrial Development Subsidiary Agreement (1977-1982)

- \$50 million
Travel Industry Development Subsidiary Agreement (1978-1983)

These sub-agreements, which serve overall provincial economic objectives, have brought a total joint and dedicated commitment of more than \$230 million to the Province. The programs under the first four sub-agreements have been successfully completed, while the other four are still in progress.

Program development activity during 1978 has included the formulation of the \$50 million Travel Industry Development Subsidiary Agreement which was signed October 17, 1978, and the development and negotiation of a federal-provincial financial assistance package of over \$4.5 million to aid Castlegar in the construction of a water supply system crucial to the future industrial growth of the area.

Program Implementation: Industrial Development Subsidiary Agreement (IDSA)

The Branch continued to administer this five year agreement, signed in 1977, under its four major program areas: Industrial Infrastructure, Regional Economic Development Commissions, Small Enterprise Assistance, and Research. Since the signing of the agreement nearly \$35 million of the total \$70 million has been committed in the form of low interest and forgivable loans, and these funds are being put to use by individuals and communities in the development of the Province's industrial potential.

Under the IDSA Industrial Parks program, \$21 million has been committed to aid the development of park land and facilities in Nanaimo (Duke Point), Chetwynd (S.S. Moore), Port Hardy (Tacan), and Kamloops (Southgate, Campbell Creek, Mount Paul), and Prince George (Danson). Under this program over 634 acres of new industrial land have been developed in the Province. It is estimated that when fully occupied these facilities will generate 6,000 new jobs for these communities. In conjunction with the Industrial Parks Program, the Branch offers a parallel Community Economic Development Service program which is designed to assist regional and local governments and private investors with

economic development planning and with obtaining the necessary development approvals from provincial agencies.

Since the 1977 signing of IDSA, the Regional Economic Development Commission's program has seen the establishment of 13 Commissions in the Province. The role of the Commissioners in the regional district is to assist in the area in its industrial opportunity identification and realization. By March 31, 1979 the Commissions program had received over \$700,000 in funding under IDSA.

As with many new economic ideas and opportunities, identification, planning and development require funding. Hence, the Research program of IDSA is being aimed at just that. To date more than \$400,000 has been committed in 23 research proposals to study a diverse range of industrial, market and technical opportunities such as ski facility development, ammonia manufacture or marine product development.

The Assistance to Small Enterprise Program (ASEP) has been an unqualified success in the Province. Over 600 applications for assistance under this program have been received and reviewed leading to authorization for funding of 260 of these proposals. The history of the program to date illustrates that ASEP funding has gone to a diverse variety of small businesses ranging from granola to steel bar manufacture and horse harness production to prefabricated homes and trailers. More than \$4.7 million in financial assistance has been approved for small business establishment and expansion. This funding is projected to create more than 1,100 new jobs in the manufacturing and processing sector.

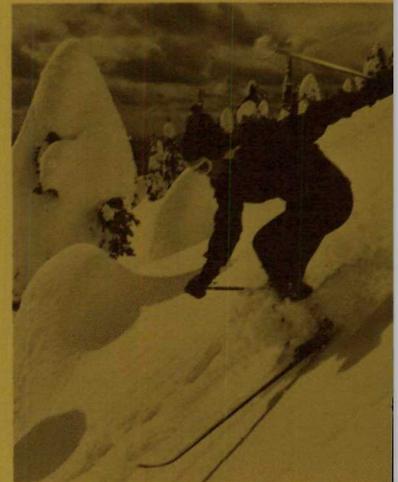


Travel Industry Development Subsidiary Agreement (TIDSA)

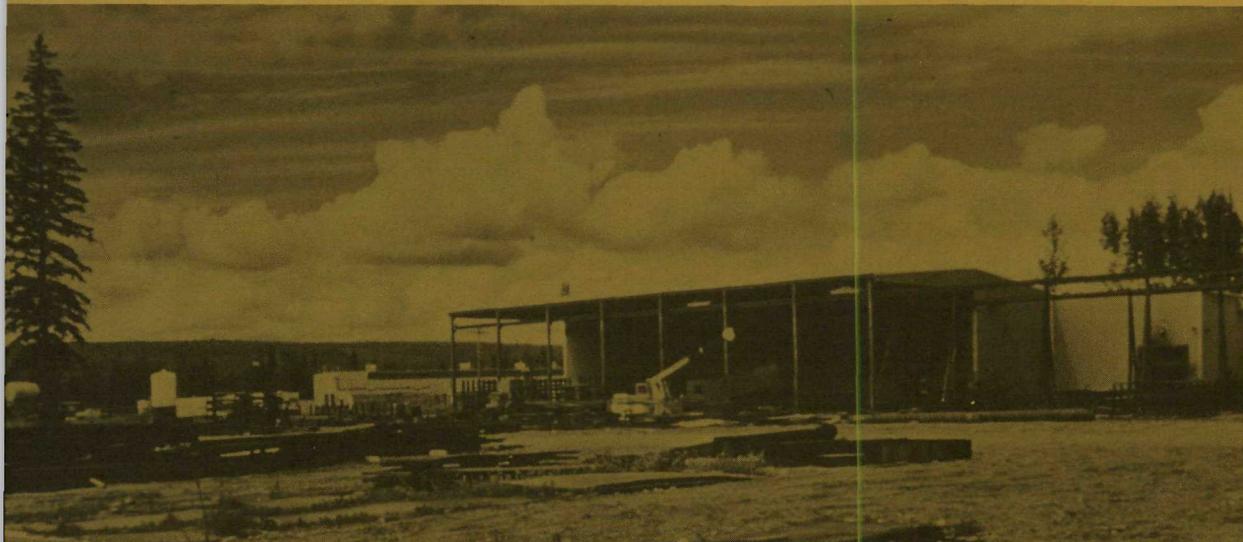
Signed in October 1978, implementation of the \$50 million, five year TIDSA program has commenced in conjunction with the Ministry of Tourism and Small Business Development. The agreement will help take advantage of the employment and income potential of British Columbia's unique natural attractiveness as a tourism destination.

To date, 526 general applications for assistance have been received under the five main programs:

1. *Planning Program* develops long-term strategies, feasibility and opportunity studies.
2. *Industry Organization Program* involves the development of structures needed to coordinate travel industry associations.
3. *Industry Upgrading Program* provides financial assistance to upgrade travel industry facilities.
4. *Travel Generators Program* creates, improves, or expands attractions which will entice tourists to stay longer.
5. *Skiing Development Program* aids in the development of world-class ski resorts offering year-round multi-recreational facilities.



By March 31, 1979 three planning studies had been initiated including a major study to prepare a Tourism Development Plan for the Province. In addition, the resort community of Whistler had been allocated more than \$9 million destined for community infrastructural improvements to assist Whistler in becoming a world class, year-round destination ski and resort facility.



Program Coordination

- The Fort Nelson Sewer and Water Sub-Agreement, signed in 1975, reached a successful conclusion during 1978, with the official opening of the system in October by the Premier, the Minister of Municipal Affairs and Housing, and the Minister of Economic Development.
- The Ministry continued its coordinating role in the 1977 Coal Planning Agreement, which provides for the cost-sharing of studies relating to North East Coal.
- Budgeting and financial planning contributions to the *Cooperative Overseas Market Development Program* continued. This Program, aimed at increasing export sales and opportunities for specific provincial forest industry products, is jointly funded by the Ministry of Economic Development, the federal Department of Industry, Trade and Commerce, and the Council of Forest Industries of British Columbia.
- Representatives of the Ministry participated in the administration of the Agriculture and Rural Development Sub-Agreement, and the Special Agriculture and Rural Development Agreement.



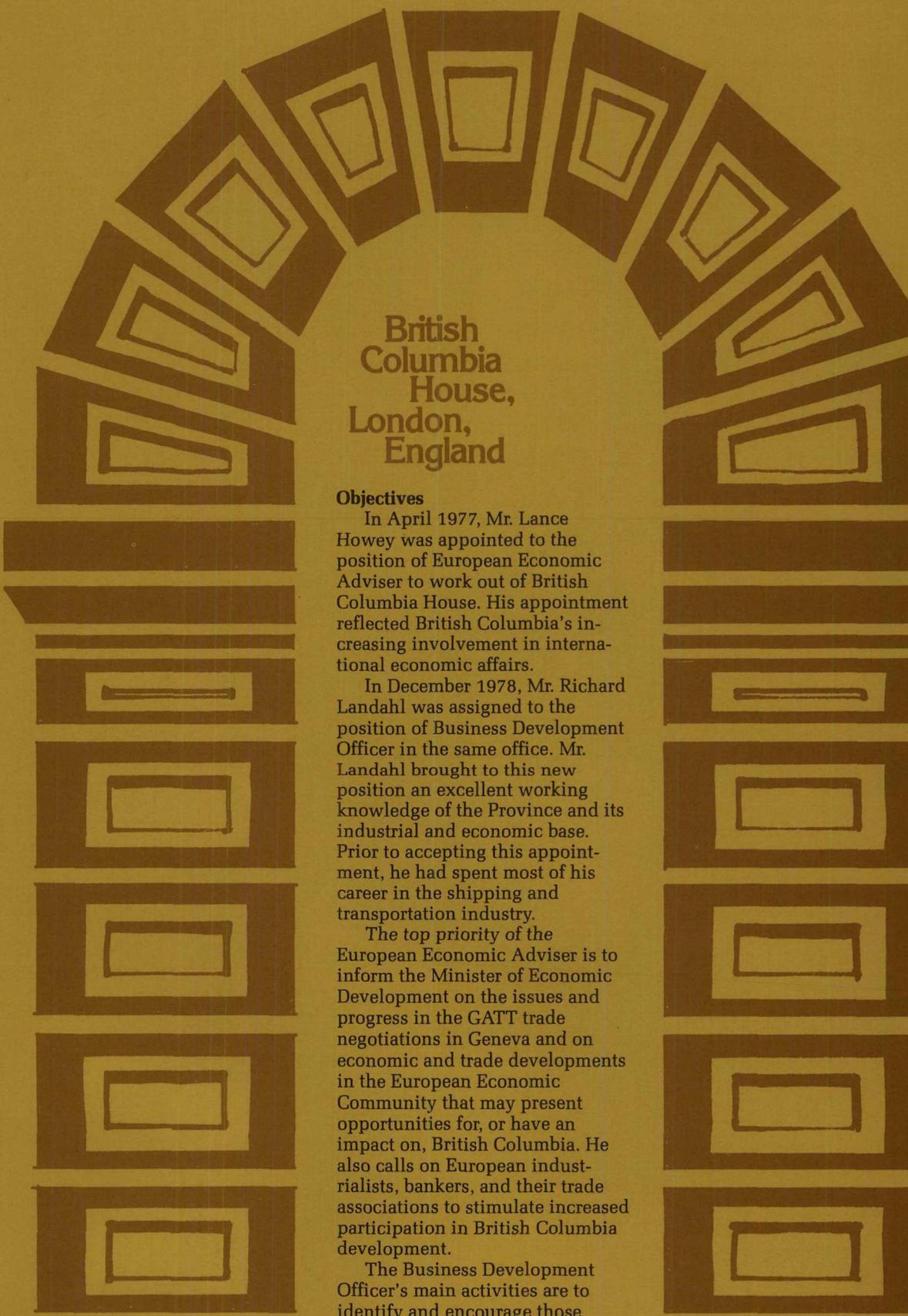
Foreign Investment Review

The Foreign Investment Review Act, a federal Statute, provides for the consultation of provinces likely to be affected by an investment proposal subject to review under the Act. The Branch was responsible for review of foreign investment proposals, and for recommending to the Minister and Cabinet a provincial position which, once approved, is forwarded to the federal agency.

During the 1978 calendar year a total of 125 cases were handled. Of these, 64 cases came under the short review process form (adopted for businesses with gross assets of less than \$2 million and fewer than 100 employees), and 61 under the regular more detailed review process. Of the 61 regular cases, 58 were allowed and 3 were disallowed. Of those approved 36 involved the acquisition of

existing businesses and 22 involved the establishment of new businesses. A significant number of these approvals were subject to undertakings which will increase the benefits to Canada and British Columbia. It is estimated that over 2,000 new jobs were created and more than 2,500 jobs were maintained through the approval of responsible foreign investment.

In addition, the Branch performed research on overall investment levels and requirements and closely monitored the federal agency to ensure that the Province's economic interests were respected.

A decorative archway composed of dark brown geometric shapes, primarily squares and rectangles, arranged in a semi-circle. Each shape contains a smaller, lighter-colored version of itself, creating a nested effect. The arch frames the central text.

British Columbia House, London, England

Objectives

In April 1977, Mr. Lance Howey was appointed to the position of European Economic Adviser to work out of British Columbia House. His appointment reflected British Columbia's increasing involvement in international economic affairs.

In December 1978, Mr. Richard Landahl was assigned to the position of Business Development Officer in the same office. Mr. Landahl brought to this new position an excellent working knowledge of the Province and its industrial and economic base. Prior to accepting this appointment, he had spent most of his career in the shipping and transportation industry.

The top priority of the European Economic Adviser is to inform the Minister of Economic Development on the issues and progress in the GATT trade negotiations in Geneva and on economic and trade developments in the European Economic Community that may present opportunities for, or have an impact on, British Columbia. He also calls on European industrialists, bankers, and their trade associations to stimulate increased participation in British Columbia development.

The Business Development Officer's main activities are to identify and encourage those European companies and businessmen most likely to either

invest directly in British Columbia to establish joint ventures or licensing arrangements with British Columbia firms. He also assists British Columbia firms in expanding and diversifying their exports to Europe.

Activities

ATT Tariff and Trade Negotiations

The negotiations which will be concluded in April 1979, involve any questions of provincial jurisdiction and concern which could have a major impact on business development in the province. Mr. Howey has maintained regular and close contacts with Canada's negotiating team, as Trade Commissioners in Europe, the GATT Secretariat, and others close to the negotiations to ensure that the British Columbia Government was well briefed on the issues as they developed. He also advised Canadian negotiators and trade representatives of provincial priorities and the impact which decisions could have on the B.C. economy.

Other Economic and Trade Policy Matters

Mr. Howey has maintained close contact with Canadian and EEC Commission representatives responsible for the development of industrial co-operation under the Canada-EEC Agreement on Commercial and Economic Co-operation. He represented British Columbia on Canadian delegations and missions in Brussels.

Mr. Howey monitored and reported on the negotiations which led to the development of the Organization of Economic Co-operation and Development (O.E.C.D.) Steel Committee. He has consulted with European Government and steel industry officials and has advised the Ministry on the measures which have been taken by the EEC, U.S.A., and Canadian Governments to insulate their domestic steel industries from low priced imports. He assisted the Trade and Tariff Division in urging the Government of Canada to relieve British Columbia steel users from anti-dumping duties.

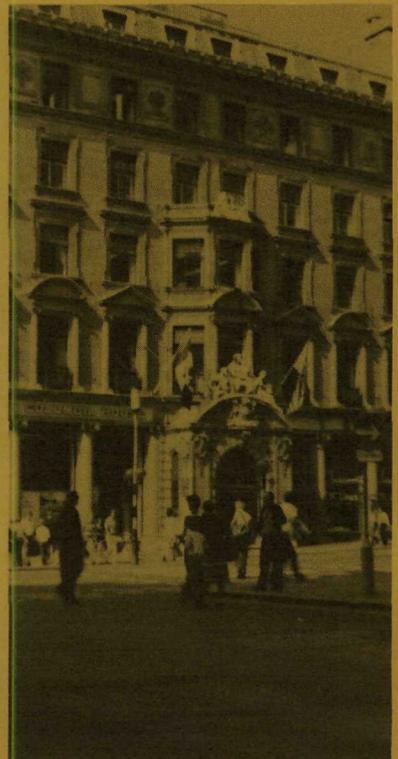
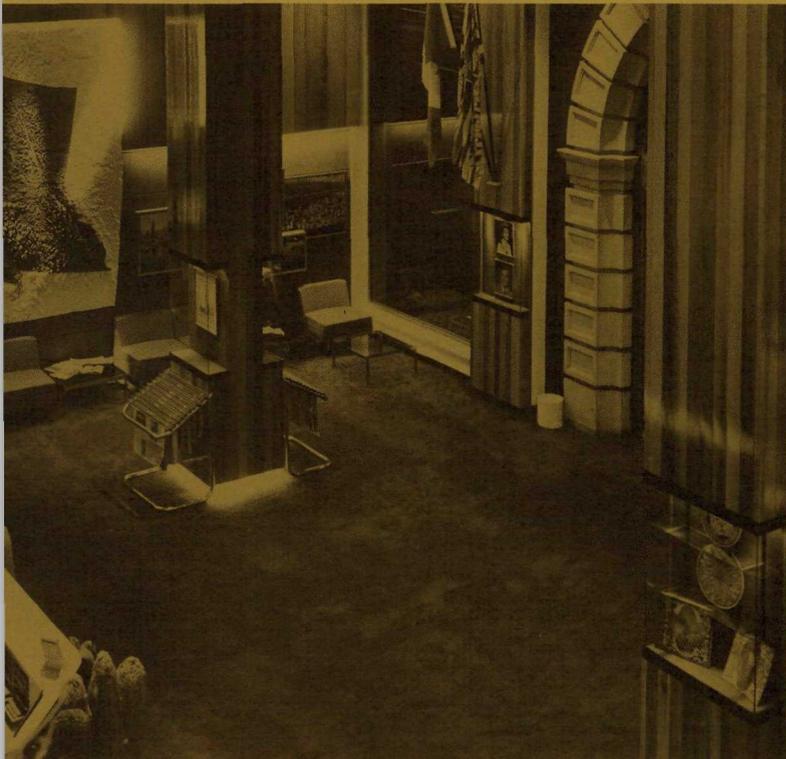
Business Development

Because of the high level of trade policy activity, Mr. Howey

had to limit his business development activities mainly to follow-up calls on the leading industrialists who met the Premier's Mission in September, 1977. Most interest has been shown in participating in the development of the Province's coal and mineral resources.

Messrs. Howey and Landahl organized and assisted the Trade and Industry Division in business development seminars in Holland and Germany which were attended by over 200 industrialists. They helped in the organization of, and participated in, trade missions to Britain, Germany, Austria, and Italy. They advised and assisted trade groups in Britain, Holland, Belgium, Germany, France, and Austria to organize business development missions to British Columbia. Since his arrival in London, Mr. Landahl has been giving priority to improving contacts with industrialists who could become involved in secondary manufacturing in British Columbia.

The Ministry's offices at B.C. House assisted provincial firms to develop export opportunities in Europe, in addition to providing information and contact service to the European business community.



Grants

The Ministry of Economic Development provided, in its 1978/79 estimates, for a number of grants and other financial contributions to support the following specific activities:

Co-operative Overseas Market Development Program—\$975,000

This program, jointly financed by the Ministry, the federal Department of Industry, Trade and Commerce, and the B.C. Council of Forest Industries, was established to promote the development of new overseas markets for British Columbia lumber, plywood, and shingle products.

The program, which is in the third year of its second five-year term is an outstanding example of an aggressive cooperative venture between governments and industry and contributes to stability and growth in the Province's forest industry.

Following a mid-term review of the program's effectiveness, which showed that its potential was being seriously eroded by the lower value of the Canadian dollar abroad and by worldwide inflation, all parties agreed that the funding levels should be increased.

Because of COMDP involvement, sales of British Columbia lumber, plywood and shingle products were increased substantially during 1978. For example, British Columbia plywood was introduced and marketed in Italy and Denmark and a strong growth of platform frame construction in Holland resulted in an increased consumption of interior lumber and western red cedar.

The program continued to successfully break down technical barriers to allow greater product acceptance in overseas markets. For example, lumber grade demonstrations were held in Italy, France, Germany, Holland and Belgium. The Japanese Standard was revised to bring it into line with the National Lumber Grade

Association which will increase British Columbia product acceptability in Japan.

Canada West Foundation—\$30,000

The Ministry contributes a grant to this non-profit society whose broad objective is the representation and realization of Western Canada within Confederation. The Ministry has an elected representative to the Foundation.

The Foundation is currently engaged in several major studies of interest to British Columbia: a study of Western Canadian agriculture, the development of an economic/industrial strategy for Western Canada, an assessment of coal potential, and a major analysis of the problems and prospects for developing the water resources of the four Western Provinces.

During the early months of 1979 the Canada West Foundation sponsored a total of fifteen workshops in the western provinces. These included the following British Columbia workshops in Prince George, Kelowna, Victoria and Vancouver.

Junior Achievement—\$15,000

The Junior Achievement Program is designed to introduce students to the workings of business enterprise. The grant, which contributes to the general funding of the program, is indicative of the Government's recognition of the important role played by the organization.

The grant is also used to fund awards for students showing the most imagination and enterprise in their mini-business ventures.

During 1978, members of Junior Achievement formed and managed 45 separate mini-business ventures, each manned by 20 teenagers. Approximately 150 adults, giving freely of their time, provided advice and support.

B.C. Research Council—\$320,000

B.C. Research is a non-profit research society located adjacent to the University of British Columbia. It conducts contract

research for industry and government, and maintains co-operative relationships with other research facilities.

One project funded by the grant involved the development of a magnetic tape attachment to a highway scanning device called a photo logger. This product is now being marketed to highway maintenance departments throughout North America.

Another project involved the production of specialty chemicals by electro-chemical methods, a potentially new industry designed to take advantage of British Columbia's abundant hydro-electric potential.

In another area, the grant funded an investigation into methods of inhibiting the breeding of black flies in streams. This work resulted in a practical system for black fly control.

A portion of the grant was used on improvements to the Ocean Engineering Centre, the facility for testing models of ships and offshore structures. Naval architects and owners of deep sea equipment are now utilizing this facility thereby strengthening the Province's reputation in ocean engineering.

During the year, the grant supported a technical information service for use by industry and government. Over 1,300 enquiries were handled.

GRANTS

Ministry of Economic Development Staff Complement

	Employed	Vacancies	Total
March 31, 1978	103	41	144
March 31, 1979	109	18	127*

DISTRIBUTION

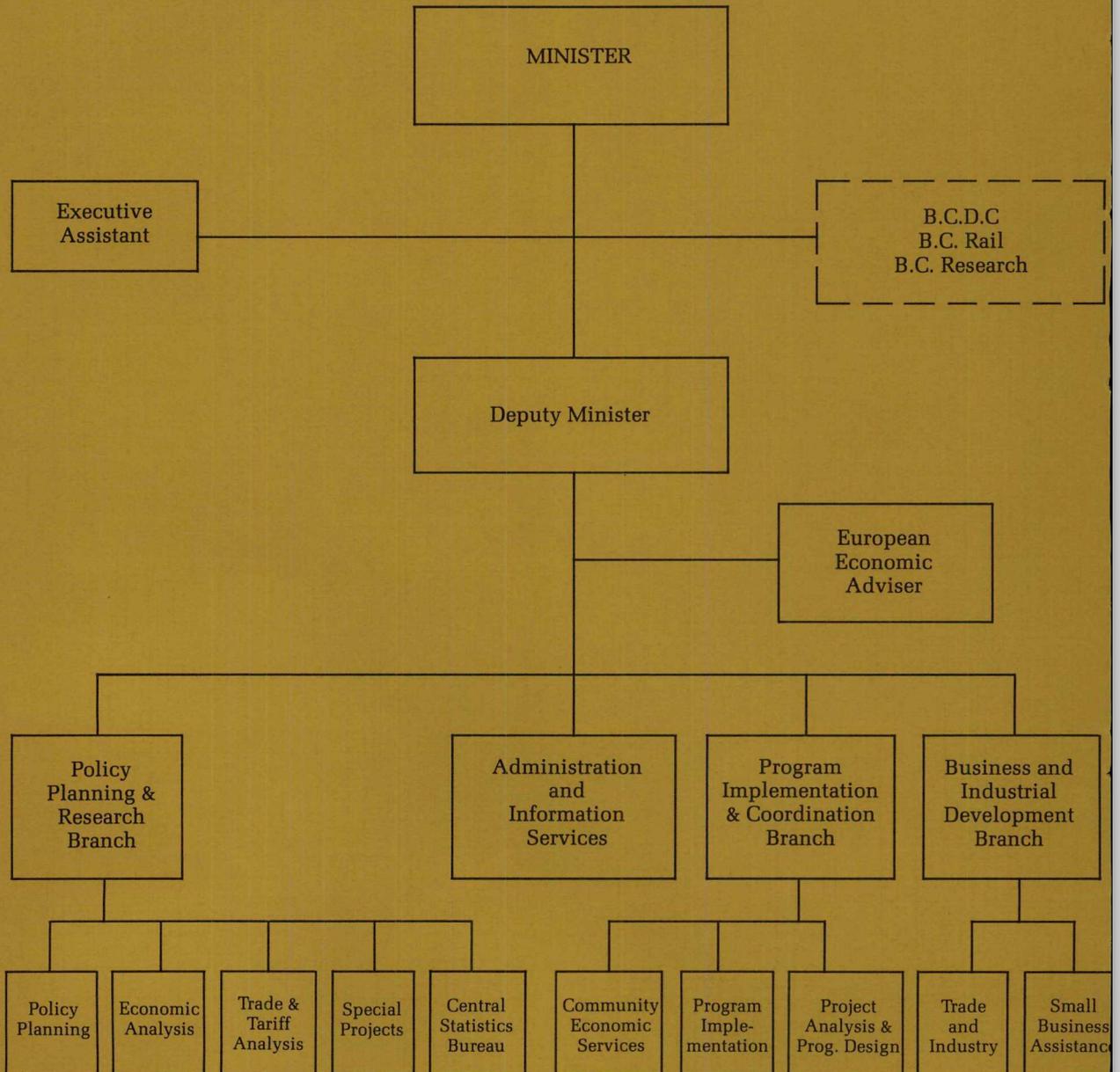
	1978	1979
Victoria		
Minister's Office	7	7
General Administration	21	21
Central Statistics Bureau	21	21
Program Implementation and Coordination Branch	22	22
Economic Analysis and Research Bureau	32	32
Policy Planning*	8	
Vancouver		
Business and Industrial Development Branch	22	22
Small Business Assistance*	9	
London	2	2
TOTAL	144	127

*17 established positions were transferred to the Ministry of Finance, and Tourism and Small Business Development.



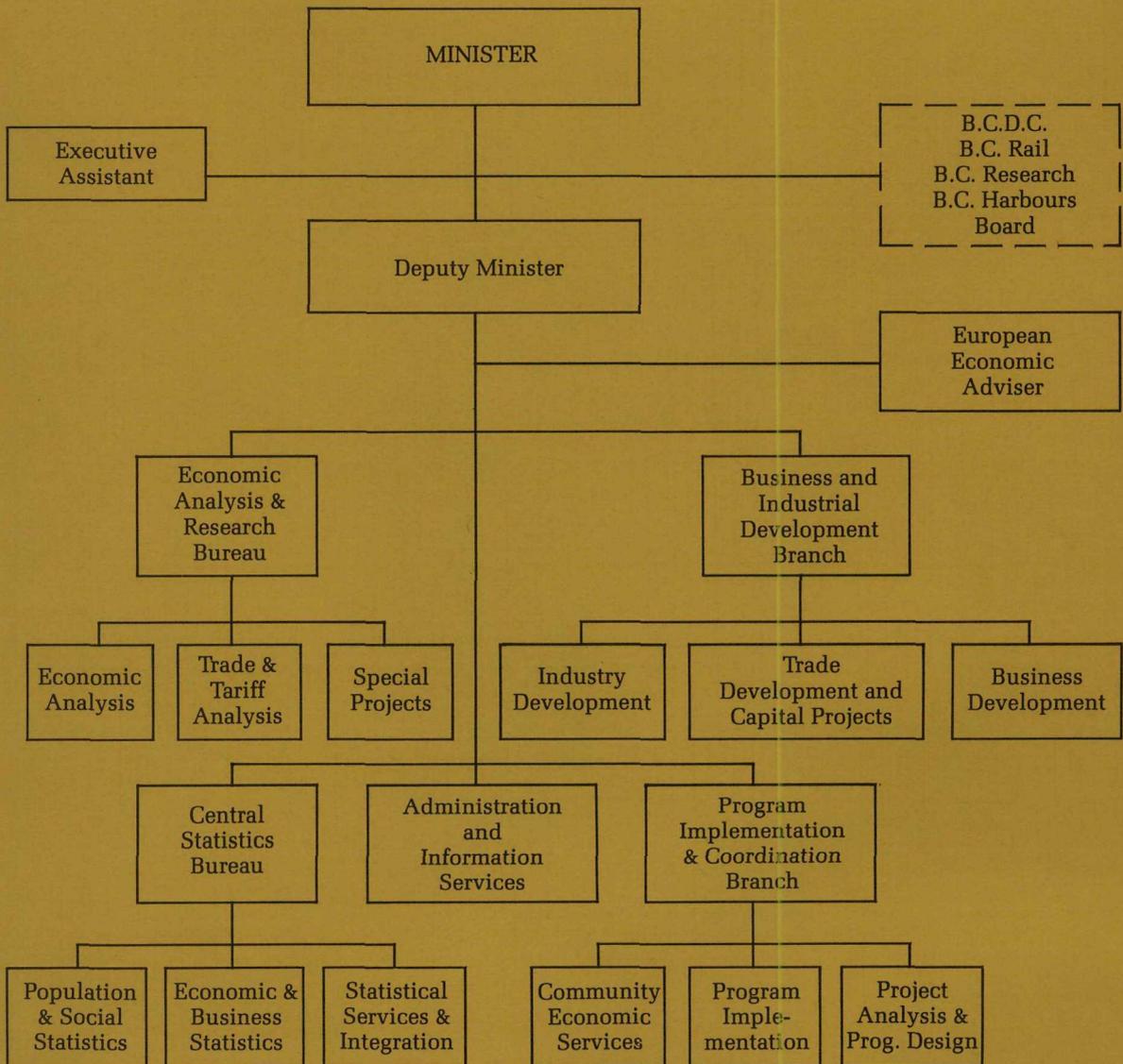
Ministry of Economic Development Organization Chart

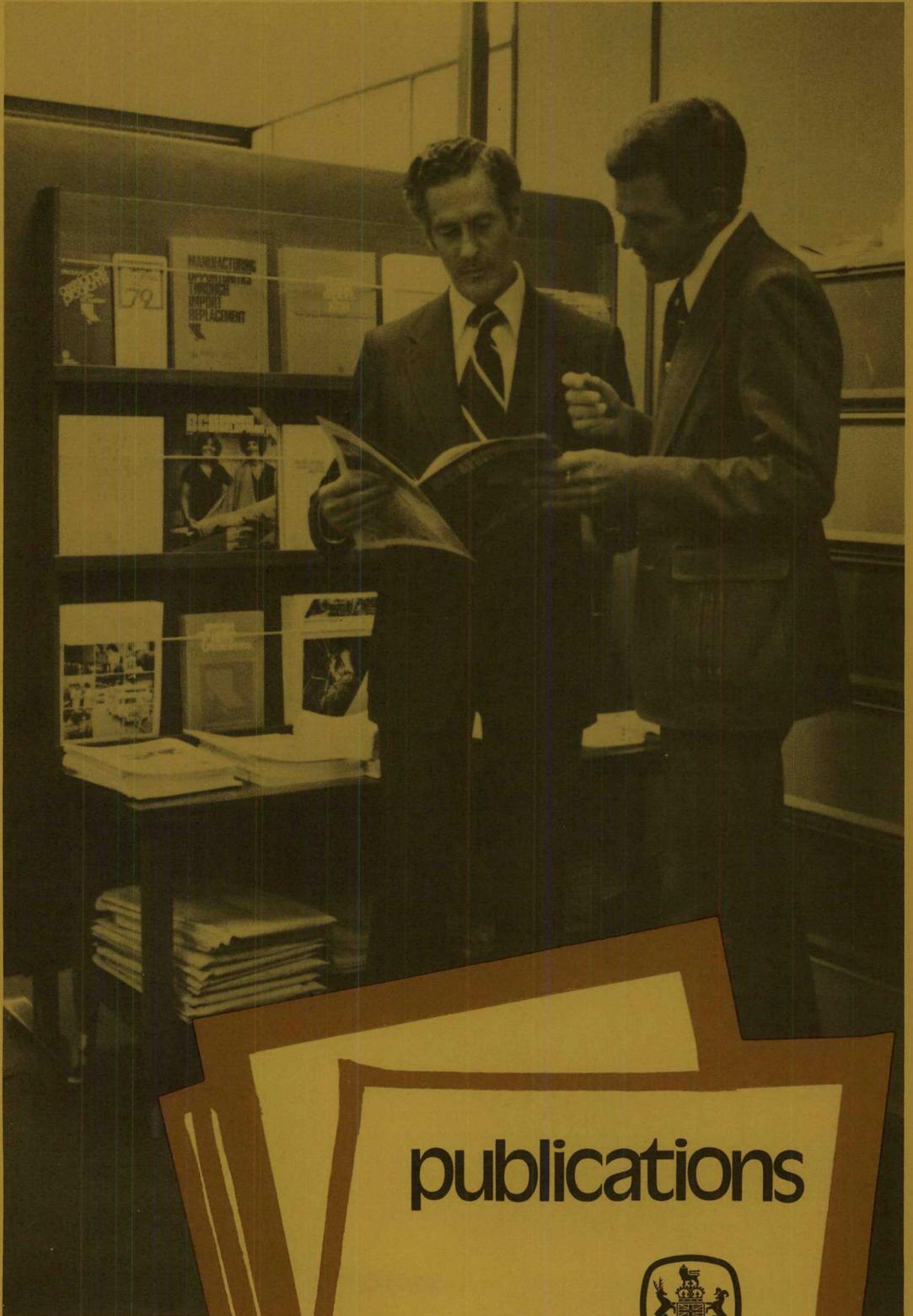
(On November 30, 1978)



Ministry of Economic Development Organization Chart

(On March 31, 1979)





publications



Publications

Following is a list of publications issued by the Ministry in 1978:

Monthly Bulletin of Business Activity

A monthly summary and review of current economic and business activity with statistical data showing comparisons to the previous month and the same month of the preceding year. Also contains special articles of current interest and lists new publications as they are released by the Ministry.

B.C. Market News

A newsletter for businesses in British Columbia. Outlines current business activities and introduces new Ministry programs.

Trade and Industry Bulletin

A bi-monthly listing of foreign inquiries regarding distribution and manufacturing of foreign products under licence in British Columbia.

British Columbia Economic Activity, 1978 Review and Outlook

An annual summary and review of the economic pattern of the current year and an economic outlook for the following year. Also contains a statistical supplement with ten year historical perspective.

External Trade Through British Columbia Customs Ports

An annual report providing both detailed and summary tables showing exports and imports through British Columbia customs ports. Includes data by commodity and country and graphs.

Directory of Importers and Manufacturers' Agents in British Columbia

A catalogue listing. Information is also listed by commodity groups.

British Columbia Facts '78

Leaflet containing statistical information on population, the economy, government, transportation, and retail trade.

B.C. Economic Development

A full colour quarterly magazine highlighting the achievements of businesses and individuals throughout British Columbia.

B.C. Regional Index

A seven hundred page marketing and educational tool containing statistical and descriptive information on each and every community in the Province. Price: \$10.00. Please remit cheque or money order payable to *Minister of Finance*. (Individual reprints on each region and area are available free of charge.)

Manufacturing Opportunities Through Import Replacement

A listing of import items which have a potential for domestic manufacture.

Industrial and Commercial Expansion in British Columbia

Two publications detailing active industrial and commercial projects in the Province for the first and second half of 1978.

B.C. Manufacturers' Directory 1978

A listing of manufacturing activity. Indicates products manufactured, first alphabetically by company and then by product classification.

Directory of Lumber, Plywood and Building Materials...Made in B.C.

A guide which indicates the products manufactured by the British Columbia forest industry and the companies which manufacture them.

A Directory of Public Buying Agencies in B.C.

A guide for businesses wishing to sell goods and services to provincial, municipal governments or other "public" agencies, corporations, or institutions. Lists key contacts.

The publications listed are available from Information Services, Ministry of Economic Development, Victoria, British Columbia, V8V 1X4, and Ministry of Economic Development, #315 Robson Square, 800 Hornby Street, Vancouver, British Columbia, V6Z 2C5.

Also contact Information Services for information on the availability of all reports, studies, etc., mentioned throughout the Annual Report.

